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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 RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022

SUMMARY

- The recognised revenue in 2022 was approximately RMB9,250.5 million, representing an increase of approximately 86.2% as compared to that of 2021
- The gross profit for 2022 was RMB2,470.9 million, representing an increase of about 67.4% from that of 2021
- The profit attributable to owners of the parent for 2022 was RMB186.7 million, representing an increase of about 155.4% from that of 2021
- As of the end of 2022, the Group's total gearing ratio and net gearing ratio were approximately 79.1% and 65.8% respectively, which had maintained at a reasonable level

- 7 plots of land were acquired in 2022 with a total GFA of 0.52 million sq.m. and an average floor price of approximately RMB9,323 per sq.m., which were located in China's relatively active and developed cities
- The awards and accolades issued by the PRC government and recognised authorities to the Group during the year include 2022 Top 100 China Real Estate Developers, 2022 Top 10 Hong Kong Listed Domestic Property Companies with Financial Stability, 2022 Top 10 Hong Kong Listed Domestic Property Companies with Investment Value, 2022 Top 100 China Real Estate Enterprise Brand Value and Top 100 Property Enterprises in 2022 etc.

The board of directors (the “**Board**” or the “**Directors**”) of Zhong An Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 (the “**year**” or the “**year under review**”), together with the comparative figures for the corresponding year ended 31 December 2021 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2022

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	<i>4</i>	9,250,499	4,968,682
Cost of sales		<u>(6,779,570)</u>	<u>(3,492,546)</u>
Gross profit		2,470,929	1,476,136
Other income and gains, net	<i>4</i>	313,694	310,119
Selling and distribution expenses		(315,552)	(431,929)
Administrative expenses		(611,729)	(764,509)
Other expenses	<i>4</i>	(174,886)	(210,720)
Finance costs	<i>6</i>	(147,265)	(225,076)
Changes in fair value of investment properties		(115,160)	(60,311)
Share of (losses)/profits of:			
Joint ventures		(15,324)	(22,353)
Associates		<u>(86,323)</u>	<u>154,654</u>
Profit before tax	<i>5</i>	1,318,384	226,011
Income tax expense	<i>7</i>	<u>(1,296,966)</u>	<u>(187,485)</u>
Profit for the year		<u>21,418</u>	<u>38,526</u>

		2022	2021
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:			
Owners of the parent		186,734	73,132
Non-controlling interests		<u>(165,316)</u>	<u>(34,606)</u>
		<u>21,418</u>	<u>38,526</u>
Earnings per share attributable to ordinary equity holders of the parent			
	<i>8</i>		
Basic		<u>RMB3.3 cents</u>	<u>RMB1.3 cents</u>
Diluted		<u>RMB3.3 cents</u>	<u>RMB1.3 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2022

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Profit for the year	<u>21,418</u>	<u>38,526</u>
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>28,643</u>	<u>26,026</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>28,643</u>	<u>26,026</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	11,624	(49,029)
Income tax effect	<u>(2,906)</u>	<u>16,370</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>8,718</u>	<u>(32,659)</u>
Total comprehensive income for the year	<u>58,779</u>	<u>31,893</u>
Attributable to:		
Owners of the parent	217,072	65,894
Non-controlling interests	<u>(158,293)</u>	<u>(34,001)</u>
	<u>58,779</u>	<u>31,893</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2022

	<i>Note</i>	2022	2021
		<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property and equipment		2,497,023	2,524,317
Investment properties		5,202,000	5,245,954
Properties under development		1,923,669	2,475,637
Right-of-use assets		129,969	160,807
Other intangible assets		14,194	30,787
Restricted cash		146,956	145,003
Equity investments designated at fair value through other comprehensive income		516,341	504,131
Long term prepayments		439,123	677,918
Investments in joint ventures		1,109,214	635,298
Investments in associates		1,123,805	1,145,297
Deferred tax assets		354,375	286,428
		<hr/>	<hr/>
Total non-current assets		13,456,669	13,831,577
Current assets			
Completed properties held for sale		3,060,872	5,893,841
Properties under development		30,728,107	25,648,975
Inventories		39,909	42,591
Trade receivables	<i>9</i>	171,054	113,329
Prepayments, other receivables and other assets		3,545,203	2,539,954
Financial assets at fair value through profit or loss		162,561	132,795
Loans to joint ventures		681,760	462,872
Loans to associates		689,386	779,135
Restricted cash		3,484,859	2,518,037
Cash and cash equivalents		3,001,572	5,232,657
Investment properties classified as held for sale		74,900	44,546
		<hr/>	<hr/>
Total current assets		45,640,183	43,408,732

	<i>Note</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current liabilities			
Trade payables		1,931,079	2,131,544
Other payables and accruals		1,352,832	1,039,381
Contract liabilities		23,635,988	21,176,187
Lease liabilities		53,069	39,267
Advances from joint ventures		456,692	768,306
Advances from associates		912,618	374,257
Interest-bearing bank and other borrowings		5,512,718	3,618,903
Tax payable	<i>10</i>	2,642,693	1,700,955
		<hr/>	<hr/>
Total current liabilities		36,497,689	30,848,800
		<hr/>	<hr/>
Net current assets		9,142,494	12,559,932
		<hr/>	<hr/>
Total assets less current liabilities		22,599,163	26,391,509
		<hr/>	<hr/>
Non-current liabilities			
Interest-bearing bank and other borrowings		9,234,962	13,374,958
Deferred tax liabilities		890,622	936,358
Lease liabilities		140,415	150,109
		<hr/>	<hr/>
Total non-current liabilities		10,265,999	14,461,425
		<hr/>	<hr/>
Net assets		12,333,164	11,930,084
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Equity attributable to owners of the parent			
Share capital		498,653	498,653
Reserves		8,978,050	8,746,065
		<hr/>	<hr/>
		9,476,703	9,244,718
		<hr/>	<hr/>
Non-controlling interests		2,856,461	2,685,366
		<hr/>	<hr/>
Total equity		12,333,164	11,930,084
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

1 GENERAL

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”), which comprise standards and interpretations approved by the International Accounting Standards Board (the “IASB”), and International Accounting Standards and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, investment properties classified as held for sale, equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value as explained in the accounting policies set out below. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

2 ACCOUNTING POLICIES

2.1 Changes in accounting policies and disclosures

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

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018–2020</i>	Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41

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

2.2 Issued but not yet effective International Financial Reporting Standards

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

Amendments to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i> ²
IFRS 17	<i>Insurance Contracts</i> ¹
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{1,5}
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative Information</i> ⁶
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{2,4}
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ²
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i> ¹
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ¹
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ No mandatory effective date yet determined but available for adoption

⁴ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, International Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

⁵ As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

⁶ An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of IFRS 17

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

3 OPERATING SEGMENT INFORMATION

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

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

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.

Year ended			
31 December 2022	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	8,658,716	591,783	9,250,499
Intersegment sales	<u>31,670</u>	<u>–</u>	<u>31,670</u>
Sales to external customers	8,690,386	591,783	9,282,169
<u>Reconciliation:</u>			
Elimination of intersegment sales			<u>(31,670)</u>
Revenue from continuing operations			<u><u>9,250,499</u></u>
Segment results	1,814,812	(496,428)	1,318,384
Segment assets	44,671,977	15,179,776	59,851,753
<u>Reconciliation:</u>			
Elimination of intersegment receivables			<u>(754,901)</u>
Total assets	43,917,076	15,179,776	<u><u>59,096,852</u></u>
Segment liabilities	36,891,821	9,871,867	46,763,688
<u>Reconciliation:</u>			
Elimination of intersegment payables			<u>–</u>
Total liabilities	36,891,821	9,871,867	<u><u>46,763,688</u></u>
Other segment information:			
Share of losses of:			
Associates	86,323	–	86,323
Joint ventures	14,310	1,014	15,324
Impairment losses recognised in the statement			
of profit or loss	2,660	47,661	50,321
Investments in joint ventures	1,077,787	31,427	1,109,214
Investments in associates	1,123,805	–	1,123,805
Depreciation and amortisation	22,050	149,514	171,564
Capital expenditure	<u>13,646</u>	<u>118,551</u>	<u>132,197</u>

Year ended			
31 December 2021	Residential <i>RMB'000</i>	Commercial <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
Sales to external customers	4,097,616	871,066	4,968,682
Intersegment sales	<u>4,440</u>	<u>–</u>	<u>4,440</u>
Sales to external customers	4,102,056	871,066	4,973,122
<u>Reconciliation:</u>			
Elimination of intersegment sales			<u>(4,440)</u>
Revenue from continuing operations			<u><u>4,968,682</u></u>
Segment results	692,441	(466,430)	226,011
Segment assets	42,553,703	15,504,840	58,058,543
<u>Reconciliation:</u>			
Elimination of intersegment receivables			<u>(818,234)</u>
Total assets	41,735,469	15,504,840	<u><u>57,240,309</u></u>
Segment liabilities	36,124,020	9,771,245	45,895,265
<u>Reconciliation:</u>			
Elimination of intersegment payables			<u>(585,040)</u>
Total liabilities	35,538,980	9,771,245	<u><u>45,310,225</u></u>
Other segment information:			
Share of (profits) or losses of:			
Associates	(154,654)	–	(154,654)
Joint ventures	21,548	805	22,353
Impairment losses recognised in the statement			
of profit or loss	6,279	110,431	116,710
Investments in joint ventures	602,857	32,441	635,298
Investments in associates	1,145,297	–	1,145,297
Depreciation and amortisation	20,747	162,275	183,022
Capital expenditure	<u>9,489</u>	<u>118,941</u>	<u>128,430</u>

Geographical information

(a) Revenue from external customers

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	9,202,483	4,934,185
Others	<u>48,016</u>	<u>34,497</u>
	<u>9,250,499</u>	<u>4,968,682</u>

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

(b) Non-current assets

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Mainland China	12,483,812	12,876,007
Others	<u>102,141</u>	<u>165,011</u>
	<u>12,585,953</u>	<u>13,041,018</u>

The non-current asset 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 years ended 31 December 2022 and 2021.

4 REVENUE, OTHER INCOME AND GAINS, NET, AND OTHER EXPENSES

An analysis of revenue is as follows:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	9,148,971	4,846,400
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	<u>101,528</u>	<u>122,282</u>
	<u>9,250,499</u>	<u>4,968,682</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2022

Segments	Property development <i>RMB'000</i>	Property management and other services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	8,519,313	-	-	8,519,313
Hotel operation services	-	-	221,657	221,657
Property management and other services	<u>-</u>	<u>408,001</u>	<u>-</u>	<u>408,001</u>
Total revenue from contracts with customers	<u>8,519,313</u>	<u>408,001</u>	<u>221,657</u>	<u>9,148,971</u>
Timing of revenue recognition				
At a point in time	8,519,313	-	221,657	8,740,970
Over time	<u>-</u>	<u>408,001</u>	<u>-</u>	<u>408,001</u>
Total revenue from contracts with customers	<u>8,519,313</u>	<u>408,001</u>	<u>221,657</u>	<u>9,148,971</u>

For the year ended 31 December 2021

Segments	Property development <i>RMB'000</i>	Property management and other services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	4,278,005	–	–	4,278,005
Hotel operation services	–	–	173,177	173,177
Property management and other services	–	395,218	–	395,218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>4,278,005</u>	<u>395,218</u>	<u>173,177</u>	<u>4,846,400</u>
Timing of revenue recognition				
At a point in time	4,278,005	–	173,177	4,451,182
Over time	–	395,218	–	395,218
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total revenue from contracts with customers	<u>4,278,005</u>	<u>395,218</u>	<u>173,177</u>	<u>4,846,400</u>

Revenue from the sale of properties recognised that was included in contract liabilities at the beginning of the reporting period was amounted to RMB8,360,822,000 (2021: RMB3,030,507,000).

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Other income		
Bank interest income	114,627	45,476
Subsidy income*	7,864	18,972
Others	30,970	100,797
	<u> </u>	<u> </u>
	153,461	165,245
Gains		
Foreign exchange gain	3,681	–
Gain on remeasurement of investments in joint ventures	100,563	–
Gain on disposal of right-of-use assets	335	25,823
Gain on disposal of items of property and equipment	55,654	14,427
Dividend income from equity investments at fair value through other comprehensive income	–	54,315
Changes in fair value of financial assets at fair value through profit or loss	–	50,309
	<u> </u>	<u> </u>
	160,233	144,874
	<u> </u>	<u> </u>
	313,694	310,119

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Other expenses		
Impairment of goodwill	–	(98,995)
Impairment provision for property and equipment	(12,867)	(11,436)
Impairment of financial assets	(2,660)	(6,279)
Impairment provision for right-of-use assets	(19,936)	–
Impairment provision for intangible assets	(14,858)	–
Changes in fair value of financial assets at fair value through profit or loss	(19,889)	–
Loss on disposal of a subsidiary	–	(23,854)
Loss on disposal of investment properties	(23,683)	(3,977)
Donations	(51,017)	(6,608)
Foreign exchange loss	–	(2,176)
Compensation	(18,958)	(48,671)
Others	(11,018)	(8,724)
	<u>(174,886)</u>	<u>(210,720)</u>

5 PROFIT BEFORE TAX

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Cost of properties sold	6,275,512	3,364,398
Depreciation of property and equipment	126,997	121,326
Depreciation of right-of-use assets	42,832	59,961
Amortisation of other intangible assets	1,735	1,735
Lease payments not included in the measurement of lease liabilities	51,970	62,484
Auditor's remuneration	5,040	5,040
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	386,094	478,293
– Pension scheme contributions*	61,143	62,779
Foreign exchange differences, net	(3,681)	2,176
Direct operating expenses (including repairs and maintenance arising on investment properties)	4,378	7,783
Loss on disposal of investment properties	23,683	3,977
Gain on disposal of right-of-use assets	(335)	(25,823)
Gain on disposal of items of property and equipment	(55,654)	(14,427)
Gain on remeasurement of investments in joint ventures	(100,563)	–
Loss on disposal of a subsidiary	–	23,854
Dividend income from equity investments at fair value through other comprehensive income	–	(54,315)
Fair value losses/(gains), net:		
Changes in fair value of investment properties	115,160	60,311
Changes in fair value of financial assets at fair value through profit or loss	19,889	(50,309)
Impairment of goodwill**	–	98,995
Impairment provision for property and equipment **	12,867	11,436
Impairment provision for right-of-use assets**	19,936	–
Impairment provision for intangible assets**	14,858	–
Impairment of financial assets**	2,660	6,279

* *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 consolidated statement of profit or loss.*

6 FINANCE COSTS

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

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Interest on bank and other borrowings	868,174	793,432
Interest on lease liabilities	<u>8,666</u>	<u>10,494</u>
Total interest expense on financial liabilities not at fair value through profit or loss	876,840	803,926
Less: Interest capitalised in properties under development	<u>(729,575)</u>	<u>(578,850)</u>
	<u><u>147,265</u></u>	<u><u>225,076</u></u>

7 INCOME TAX

The Group's subsidiaries incorporated in Hong Kong, Canada and United Kingdom are not liable for income tax as they did not have any assessable profits arising in Hong Kong, Canada and United Kingdom during the year (2021: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2021: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the 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.

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Current – PRC corporate income tax for the year	309,804	39,126
Current – PRC LAT for the year	1,103,751	254,402
Deferred	<u>(116,589)</u>	<u>(106,043)</u>
Total tax charge for the year	<u><u>1,296,966</u></u>	<u><u>187,485</u></u>

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

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>1,318,384</u>	<u>226,011</u>
Tax at the statutory tax rate of 25% (2021: 25%)	329,595	56,503
Different tax rate for specific provinces or enacted by local authority	–	228
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	(6,529)	128
Utilised tax losses not recognised in previous periods	(39,240)	(179,117)
Income not subject to tax	(236)	(35,516)
Expenses not deductible for tax	16,253	5,433
Tax losses not recognised	169,310	149,025
Provision for LAT	1,103,751	254,402
Tax effect on LAT	<u>(275,938)</u>	<u>(63,601)</u>
Tax charge at the Group's effective rate	<u>1,296,966</u>	<u>187,485</u>

Tax payable in the consolidated statement of financial position represents:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
PRC corporate income tax	962,588	692,583
PRC LAT	<u>1,680,105</u>	<u>1,008,372</u>
	<u>2,642,693</u>	<u>1,700,955</u>

8 EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB186,734,000 (2021: RMB73,132,000) and the weighted average number of ordinary shares of 5,635,809,800 (2021: 5,635,809,800) in the issue of shares during the year, as adjusted to reflect the rights issued during the year.

The calculation of basic earnings per share is based on:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	<u>186,734</u>	<u>73,132</u>
	Number of shares	
	2022	2021
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year	<u>5,635,809,800</u>	<u>5,635,809,800</u>

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2022 and 2021 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2022 (2021: Nil).

9 TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing and unsecured.

An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Within six months	163,497	98,880
Over six months but within one year	3,721	10,175
Over one year but within two years	9,014	6,655
Over two years but within three years	1,824	2,520
Over three years	1,937	1,378
	179,993	119,608
Impairment	(8,939)	(6,279)
	<u>171,054</u>	<u>113,329</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For the sale of properties, rentals under operating leases and provision of hotel operation businesses and other business of the Group, management has assessed that the expected credit loss rate for trade receivables is minimal as at 31 December 2022 and 2021. In the opinion of the directors of the Company, the Group's trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

10 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:

	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Within six months	1,626,535	1,796,918
Over six months but within one year	270,282	291,426
Over one year	<u>34,262</u>	<u>43,200</u>
	<u><u>1,931,079</u></u>	<u><u>2,131,544</u></u>

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

11 DIVIDENDS

The Board does not recommend the payment of dividends for the year ended 31 December 2022 (for the year ended 31 December 2021: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The consolidated revenue of the Group for 2022 was RMB9,250.5 million, representing an increase of about 86.2% from that of 2021. The gross profit for 2022 was RMB2,470.9 million, representing an increase of about 67.4% from that of 2021. The profit attributable to owners of the parent for 2022 was about RMB186.7 million, representing an increase of about 155.4% from that of 2021. The basic earnings per share was RMB3.3 cents (2021: RMB1.3 cents).

Industry Review

According to the National Bureau of Statistics of the PRC, in 2022, the gross domestic product (“GDP”) of China amounted to RMB121,020.7 billion, representing an increase of 3.0% as compared with that of previous year, based on constant prices. In the face of the stormy international environment and the arduous and arduous task of domestic reform, development and stability, China has effectively coordinated epidemic prevention and control and economic and social development, effectively responded to the impact of unexpected factors, made new achievements in high-quality development, and the overall economic and social situation maintained stable.

In 2022, the nationwide investment in property development amounted to RMB13,289.5 billion, representing a decline of 10.0% as compared with that of last year. Among which, residential investment amounted to RMB10,064.6 billion, representing a decline of 9.5%. In 2022, the gross floor area (“GFA”) of commodity properties sold was 1,358.37 million sq.m., representing a decline of 24.3% as compared with that of last year. Among which, the decline of GFA of residential properties sold was 26.8%, while the decline of GFA of office buildings sold was 3.3%, and the decline of GFA of commercial business properties sold was 8.9%. The sales of commodity properties amounted to RMB13,3330.8 billion, representing a decline of 26.7%. Among which, the decline of sales of residential properties was 28.3%, while the decline of sales of office buildings and commercial business properties were 3.7% and 16.1% respectively.

In 2022, the land area purchased by property development enterprises was 100.52 million sq.m., representing a decline of 53.4% as compared with that of last year; the premium of the land transaction amounted to RMB916.6 billion, representing a decline of 48.4% as compared with that of last year. The area under construction by property development enterprises was 9,049.99 million sq.m., representing a decline of 7.2% as compared with that of last year. Among which, the area under construction for residential properties was 6,396.96 million sq.m., representing a decline of 7.3%. The area of newly commenced properties was 1,205.87 million sq.m., representing a decline of 39.4%. Among which, the area of newly commenced residential properties was 881.35 million sq.m., representing a decline of 39.8%. The completed construction area of properties was 862.22 million sq.m., representing a decline of 15.0%. Among which, the completed construction area of residential properties was 625.39 million sq.m., representing a decline of 14.3%. At the end of 2022, the area of commodity properties pending for sale was 563.66 million sq.m., representing an increase of 10.5% as compared with that of last year. Among which, the area of residential properties pending for sale increased by 18.4%, the area of office buildings pending for sale increased by 7.3% and the area of commercial business properties pending for sale decreased by 1.6%.

Business Review

The recognised revenue of properties delivered by the Group in 2022 was about RMB8,519.3 million (2021: RMB4,278.0 million), representing an increase of about 99.1% as compared to that of 2021, which was mainly due to the GFA of properties sold and delivered by the Group in 2022, being about 365,773 sq.m. (2021: 227,597 sq.m.), representing an increase of about 60.7% as compared to that of 2021, and a corresponding increase in the amount that can be included in the recognized revenue of 2022.

The recognised average selling price per sq.m. achieved by the Group in 2022 was about RMB23,291.2, representing an increase of about 23.9% from RMB18,796.4 in the previous year. It is due to the increase in the portion of sales of properties with higher selling prices in the year under review.

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

Projects	City	Recognised GFA sold <i>sq.m.</i>	Recognised amount <i>RMB million</i>	% of interest attributable to the Group
Zhejiang				
Hidden Dragon Bay	Hangzhou	5,299	56.5	61.1%
International Office Centre (IOC)A3	Hangzhou	327	7.3	66.0%
White Horse Manor	Hangzhou	540	14.5	90.0%
Ideal Bay	Hangzhou	–	2.8	45.9%
Xixi Manhattan	Hangzhou	5,503	58.0	59.4%
College Square	Hangzhou	129	6.8	90.0%
Xixi Future Square	Hangzhou	575	18.6	90.0%
Nan Hu Ming Yue	Hangzhou	225,350	5,372.9	59.9%
Xiaoshan Lotus Mansion	Hangzhou	76,108	2,386.3	90.0%
Jade Mansion	Yuyao	433	17.5	93.0%
Zhong An Times Square Phase II	Yuyao	1,034	7.4	61.4%
Cixi Landscape Garden	Cixi	262	2.4	90.0%
Cixi New City	Cixi	1,277	8.2	59.4%
Typha Lotus Garden	Yiwu	3,173	52.0	58.5%
Comphor Tree Bay	Lishui	358	15.6	90.0%
Ruyi Mansion	Zhoushan	29,857	355.0	90.0%
Anhui				
Vancouver City	Huaibei	5,963	60.7	100.0%
Shandong				
Qingdao New City	Qingdao	9,585	76.8	100.0%
		365,773	8,519.3	

The average cost of properties sold per sq.m. of the Group was about RMB17,156.8 in 2022, representing an increase of about 30.6% from RMB13,138.1 in the previous year. It was due to the higher development cost of relevant projects recognised for sale during the year.

Progress of development on the major projects

Hangzhou, Zhejiang Province

Lotus Mansion (Xiaoshan)

It is located in comprehensive transportation hub of South Railway Station, Xiaoshan District, Hangzhou. It consists of high-rise, small high-rise and multi-storey buildings with a total floor area of approximately 45,333 sq.m., and a total GFA of approximately 99,732 sq.m., and is for residential use. The project commenced construction in the third quarter of 2020 and started the pre-sale in the fourth quarter of 2020. It was completed in 2022. The volume of sales of the project during the year under review was within expectation. So far, it is sold out apart from some car parking lots and a few housings.

Shunyuan Mansion

It is located in the Yinhu plot of Fuyang District, Hangzhou, It consists of high-rise, small high-rise and shops with a total floor area of approximately 54,493 sq.m. and a total GFA of approximately 130,783 sq.m., and is for residential use. The project commenced construction in the third quarter of 2020 and started the pre-sale in the third quarter of 2020. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Fashion Color City

It is located in Xinjie Village, Xiaoshan District, Hangzhou, It consists of hardcover loft apartments, large flat floor apartments and shops, with a total floor area of approximately 26,087 sq.m. and a total GFA of approximately 78,261 sq.m., and is for commercial use. The project commenced construction in the third quarter of 2020 and started the pre-sale in the fourth quarter of 2020. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Cloud Land

It is located in Yuhang District, Hangzhou City of Future Science and Technology, It consists of multi-storey buildings, with a total floor area of approximately 46,737 sq.m. and a total GFA of approximately 74,779 sq.m., and is for residential use. The project was commenced construction in the first quarter of 2021 and started the pre-sale in the third quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation. So far, it is sold out apart from some car parking lots and a few housings.

International Office Centre (IOC)

IOC is a large-scale integrated commercial complex located in Qianjiang Century City (錢江世紀城), Xiaoshan District, Hangzhou, comprising serviced apartments, shopping malls and offices. The total site area of Plot A is 92,610 sq.m. and planned total GFA is 798,795 sq.m. The project is constructed in three phases, consists of Plots A1, A2 and A3. Among which, Plot A3 was completed in 2015, comprising serviced apartments, shops and underground car parking spaces with a total GFA of approximately 327,996 sq.m. So far, Plot A3 is sold out apart from some car parking lots and a few housings. The construction of Plot A2 has commenced in 2019 with a total GFA of approximately 263,555 sq.m. The project started the pre-sales in the third quarter of 2020, and is expected to be completed in 2023. The volume of pre-sales of Plot A2 during the year under review was within expectation.

Nan Hu Ming Yue

It is located in Yuhang District, Hangzhou and consists of high-rise blocks, courtyard and commercial areas with a total GFA of approximately 406,664 sq.m. The project commenced construction in April 2019 and started the pre-sale in the third quarter of 2019. The part of courtyard of the project was completed by the end of 2021, and the part of high-rise blocks was completed in 2022. The volume of pre-sales of the project during the year under review was within expectation.

Ruiyuan Mansion

It is located in Yinhu Street, Fuyang District, Hangzhou, and consists of high-rise buildings, large flat floors and shops, with a total floor area of approximately 39,480 sq.m., and a total GFA of approximately 94,752 sq.m., and is for residential use. The project commenced construction in the third quarter of 2021 and started the pre-sale in the fourth quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Lotus Mansion (Chun'an)

It is located in the Pearl Peninsula plot, Chun'an County, Hangzhou, and consists of high-rise buildings, and villas, with a total floor area of approximately 22,417 sq.m., and a total GFA of approximately 48,870 sq.m., and is for residential use. The project commenced construction in the third quarter of 2021 and started the pre-sale in the fourth quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Long Ying Hui Jin Zuo (Bin He Yin)

It is located in Beigan Technology Innovation Park, Xiaoshan District, Hangzhou, and consists of large flat floors and shops, with a total floor area of approximately 12,819 sq.m., and a total GFA of approximately 44,867 sq.m., and is for commercial use. The project commenced construction in the fourth quarter of 2021 and started the pre-sale in the third quarter of 2022 and is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Chuyue Mansion

It is located in Shushan Unit, Xiaoshan District, Hangzhou, and consists of high-rise buildings, with a total floor area of approximately 18,641 sq.m., and a total GFA of approximately 41,010 sq.m., and is for residential use. The project commenced construction in the second quarter of 2022 and started the pre-sale in the fourth quarter of 2022 and is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Zecui Ju

It is located in Daicun Unit, Xiaoshan District, Hangzhou, and consists of high-rise buildings, with a total floor area of approximately 39,973 sq.m., and a total GFA of approximately 71,951 sq.m., and is for residential use. The project commenced construction in the second quarter of 2022 and started the pre-sale in the fourth quarter of 2022 and is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Lan Lotus Mansion

It is located in Shandun Unit, Xihu District, Hangzhou, and consists of high-rise buildings, with a total floor area of approximately 19,802 sq.m., and a total GFA of approximately 43,564 sq.m., and is for residential use. The project commenced construction in the third quarter of 2022 and started the pre-sale in the fourth quarter of 2022 and is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Zhangyuan Mansion

It is located in Dangwan Unit, Xiaoshan District, Hangzhou, and consists of high-rise buildings and shops, with a total floor area of approximately 24,270 sq.m., and a total GFA of approximately 60,675 sq.m., and is for residential use. The project commenced construction in the third quarter of 2022 and started the pre-sale in the fourth quarter of 2022 and is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Ningbo, Zhejiang Province

Cixi Zhong An Landscape Gard\Cixi New City

This is a residential property project in Cixi, Zhejiang Province. The total site area is about 197,655 sq.m. The residential project includes the commercial portion for providing supporting services to local residents, with a total GFA of about 510,125 sq.m., consisting of multi-storey apartments which is constructed in six phases. So far, the residential part is sold out apart from some car parking lots and a few housings. Commercial Phase 1, with a total GFA of about 28,158 sq.m., commenced construction in July 2019, started the pre-sale in the third quarter of 2020, and completed in 2021. Commercial Phase II, with a total GFA of about 72,000 sq.m., commenced construction in the second quarter of 2021, and is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Chaoyue Mansion

It is located at the south site of Daqi Songhuajiang Road station in Beilun District, Ningbo, and consists of small high-rise buildings, with a total floor area of approximately 17,393 sq.m., and a total GFA of approximately 31,307 sq.m., and is for residential use. The project commenced construction in the third quarter of 2021 and started the pre-sale in the fourth quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Yiwu, Zhejiang Province

Xiuhu Lotus Garden

It is located in the West Plot of Hutang, Yiwu, Zhejiang Province. It is mainly composed of courtyards, with a total floor area of approximately 49,428 sq.m., and a total GFA of approximately 52,214 sq.m., and is for residential use. The project commenced construction in the first quarter of 2021 and started the pre-sale in the third quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Lakeside Mansion

It is located in Beiyuan Street, Yiwu, Zhejiang Province. It is mainly composed of houses, villas, flat floors and shops, with a total floor area of approximately 20,411 sq.m., and a total GFA of approximately 32,658 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2021 and started the pre-sale in the second quarter of 2022, and is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Wenzhou, Zhejiang Province

Shunyuan Mansion

It is located in the core area of Wenzhou. It consists of finely decorated high-rise buildings, with a total floor area of approximately 30,236 sq.m. and a total GFA of approximately 84,963 sq.m., and is for residential use. The project commenced construction in the second quarter of 2020, and started the pre-sale in the third quarter of 2020. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Future Center (Da Guan Ming Zhu)

It is located in Longgang Future Community, Wenzhou. It consists of high-rise buildings and shops, with a total floor area of approximately 69,369 sq.m. and a total GFA of approximately 168,141 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2021, and started the pre-sale in the fourth quarter of 2021. It is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Shaoxing, Zhejiang Province

Guyue Mansion

It is located in the west of the main urban area of Shaoxing, and is composed of courtyards and shops, with a total floor area of approximately 43,412 sq.m. and a total GFA of approximately 52,528 sq.m., and is for residential use. The project commenced construction in the third quarter of 2020, and started the pre-sale in the first quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Future City (Fuyuan Mansion)

It is located in Fuquan Future Community, Keqiao District, Shaoxing, and is composed of talent housings, offices and shops. The project also includes the construction of repurchase housings. The project covers a total floor area of approximately 78,484 sq.m. and a total GFA of approximately 211,907 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2021, started the pre-sale in the third quarter of 2023, and is expected to be completed in 2025. The volume of pre-sales of the project during the year under review was within expectation.

Zhoushan, Zhejiang Province

Ruyi Mansion

It is located in Putuo District, Zhoushan, and is composed of small high-rise buildings and shops, with a total floor area of approximately 22,484 sq.m. and a total GFA of approximately 44,968 sq.m., and is for residential use. The project commenced construction in the third quarter of 2020, and started the pre-sale in the fourth quarter of 2020. It was completed in 2022. The volume of sales of the project during the year under review was within expectation. So far, it is sold out apart from some car parking lots and a few housings.

Taizhou, Zhejiang Province

Heyuan Mansion

It is located in the Evergrande East Plot of Hongjia Street, Jiaojiang District, Taizhou, and is composed of high-rise and small high-rise buildings, with a total floor area of approximately 39,742 sq.m. and a total GFA of approximately 86,838 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2020, and started the pre-sale in the fourth quarter of 2020. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Future City (Spring Breeze)

It is located in Taizhou High-tech Zone, and is composed of high-rise buildings, with a total floor area of approximately 122,354 sq.m. and a total GFA of approximately 283,088 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2020, and started the pre-sale in the second quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Quzhou, Zhejiang Province

Cloud Chen Square

It is located in the Quzhou High-speed railway station area, and is composed of high-rise buildings, floor stores and supermarkets, with a total floor area of approximately 72,774 sq.m. and a total GFA of approximately 106,250 sq.m., and is for residential use. The project commenced construction in the second quarter of 2021, and started the pre-sale in the third quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Huaibei, Anhui Province

Vancouver City

This is a low-density residential project in Huaibei, Anhui Province, which includes townhouses, multi-storey apartments and shopping units. The project is developed in phases, and its sale and pre-sale during the year under review were within expectation. The Huaibei Bright Hotel (淮北伯瑞特酒店), with a GFA of about 67,061 sq.m., was put into business in September 2017. The GFA of Phase V south project Jinyuan Mansion is approximately 100,000 sq.m., and the project commenced construction in the third quarter of 2021, started the pre-sale in the third quarter of 2021, and is expected to be completed in 2023. The GFA of project Xiangyuan Mansion is approximately 90,000 sq.m., and the project commenced construction in the fourth quarter of 2022, and is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Nanjing, Jiangsu Province

Future Mansion

It is located in Gaochun District Development Zone, Nanjing, Jiangsu Province, and is composed of high-rise and small high-rise buildings, with a total floor area of approximately 67,085 sq.m. and a total GFA of approximately 154,297 sq.m., and is for residential use. The project commenced construction in the third quarter of 2020, and started the pre-sale in the third quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Wuxi, Jiangsu Province

Future Mansion (Shun Yuan Graceland)

It is located in Yangjia Village, Jiangyin, Wuxi, Jiangsu Province, and is composed of high-rise, small high-rise and multi-storey buildings, with a total floor area of approximately 29,952 sq.m. and a total GFA of approximately 47,923 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2020, and started the pre-sale in the fourth quarter of 2021. It is expected to be completed in 2023. So far, it is sold out apart from some car parking lots.

Qingdao, Shandong Province

Qingdao New City

It is located in Hetao District, Hongdao Economic Zone, Qingdao City, mainly consists of high-rise residential buildings, apartments, offices and stores with a total floor area of 51,376 sq.m. and a GFA of approximately 111,483 sq.m. Among which, the building plan area of the residential plot is 53,254 sq.m.. The pre-sales started in the fourth quarter of 2019, and was completed in 2021.

Future City (Residential)

It is located in Huangdao District, Qingdao, mainly consists of high-rise, small high-rise, multi-storey buildings and talent apartments, with a total floor area of approximately 58,596 sq.m. and a total GFA of approximately 158,209 sq.m., and is for residential use. The project commenced construction in the second quarter of 2021 and started the pre-sale in the second quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

Future City (Commercial)

It is located in Huangdao District, Qingdao, mainly consists of shops, apartments, supermarkets, hotels and villas, with a total floor area of approximately 26,486 sq.m. and a total GFA of approximately 39,729 sq.m., and is for commercial use. The project commenced construction in the fourth quarter of 2021, and is expected to be completed in 2024.

Kunming, Yunnan Province

Yunxing Imperial Palace

It is located in the plot of Yongshan Street Office, Xishan District, Kunming, and mainly consists of high-rise residential buildings, apartments and stores with a total floor area of 37,024 sq.m. and a total GFA of approximately 283,932 sq.m. The project commenced construction in the second quarter of 2020, and is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was within expectation.

Overseas

Amber Rise

This project is in Vancouver, Province of British Columbia, Canada with a total GFA of about 7,719 sq.m. The site is located in a wealthy district with about 20 minutes drive to the downtown of Vancouver City. A total of 12 townhouses with individual swimming pools and deluxe design will be built in 3 phases. The construction commenced in 2016, and the construction of 3 independent houses has been completed.

Contracted sales in 2022

As at 31 December 2022, the contracted GFA sold by the Group was about 750,710 sq.m. (2021: 1,175,362 sq.m.) with the amount of about RMB14,267.7 million (2021: RMB27,925.1 million), representing a year-to-year decrease of approximately 48.9%. Set out below are the details of the contracted sales from the major 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	960	104.9	90.0%
Hidden Dragon Bay	Hangzhou	11,204	133.5	61.1%
International Office Centre (IOC)A3	Hangzhou	2,355	56.0	66.0%
International Office Centre (IOC)A2	Hangzhou	9,083	428.4	66.0%
Others (Commercial)	Hangzhou	14,519	139.9	59.4%
Xixi New City	Hangzhou	444	13.3	59.4%
Nan Hu Ming Yue	Hangzhou	2,322	41.7	59.9%
Shunyuan Mansion	Hangzhou	432	10.1	90.0%
Xiaoshan Lotus Mansion	Hangzhou	584	26.7	90.0%
Fashion Color City	Hangzhou	13,072	210.7	59.4%
Chun'an Lotus Mansion	Hangzhou	24,195	237.5	100.0%
Long Ying Hui Jin Zuo (Bin He Yin)	Hangzhou	4,246	112.0	59.4%
Chuyue Mansion	Hangzhou	11,567	354.6	90.0%
Lan Lotus Mansion	Hangzhou	31,013	1,203.6	58.5%
Zecui Ju	Hangzhou	4,990	91.3	90.0%
Zhangyuan Mansion	Hangzhou	4,904	69.5	57.9%
Lin Qi Yun Fu	Hangzhou	13,419	226.4	22.5%
Yunqiqiling	Hangzhou	10,295	185.3	36.0%
Weikechenming Mansion	Hangzhou	22,987	569.9	45.0%
Ruiyuan Mansion	Hangzhou	21,961	449.5	90.0%
Xinnongdu	Hangzhou	33,259	389.5	25.3%

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
Zhong An Times Square Phase II	Yuyao	1,200	11.1	61.4%
Cixi New City	Cixi	2,971	23.0	59.4%
Chaoyue Mansion	Ningbo	23,132	580.4	90.0%
Chenyue Land	Lishui	26,967	402.2	30.6%
Xiuhu Lotus Gardon	Yiwu	30,672	1,351.7	58.5%
Chaoming	Yiwu	4,485	97.1	31.5%
Lakeside Mansion	Yiwu	5,350	225.2	90.0%
Shunyuan Mansion	Wenzhou	12,221	342.3	44.1%
Wenzhou Future City	Wenzhou	35,460	542.9	45.0%
Sky Tree (Residential)	Wenzhou	40,914	654.1	22.5%
Guyue Mansion	Shaoxing	4,794	239.0	90.0%
Tang Song He Ming	Shaoxing	24,048	1,046.5	44.1%
Shaoxing Future City	Shaoxing	79,409	971.4	51.3%
Cloud Chen Square	Quzhou	43,082	648.2	45.9%
Ruyi Mansion	Zhouhsan	23,414	282.7	90.0%
Heyuan Mansion	Taizhou	11,368	191.6	90.0%
Taizhou Future City	Taizhou	33,039	633.0	90.0%
	Jiangsu			
Nanjing Future City	Nanjing	10,061	62.5	90.0%
Jiangyin Future City	Wuxi	21,839	187.4	90.0%
	Anhui			
Vancouver City	Huaibei	59,790	496.0	100.0%
	Shandong			
Qingdao New City	Qingdao	2,872	23.9	100.0%
Zhong An Future City	Qingdao	8,177	73.6	90.0%
	Yunnan			
Yunxing Imperial Palace	Kunming	7,634	127.6	90.0%
		<u>750,710</u>	<u>14,267.7</u>	

Land bank

In 2022, the Group acquired a total of 7 new projects with a total GFA of approximately 0.524 million sq.m.. The total land cost amounted to approximately RMB4.9 billion. The average land cost of the new land parcels was approximately RMB9,323 per sq.m..

No.	Projects	City	Land cost (RMB million)	Site Area (sq.m.)	Total GFA (sq.m.)	% of interest attributable to the Group
		Zhejiang				
1	Large Harbor bridge Project	Hangzhou	425	21,336	74,676	21.6%
2	Chenyue Land	Lishui	550	52,293	104,583	30.6%
3	Chuyue Mansion	Hangzhou	689	18,641	41,010	90.0%
4	Zecui Ju	Hangzhou	468	39,973	71,951	90.0%
5	Weikechenming Mansion	Hangzhou	1,470	70,802	127,444	45.0%
6	Lan Lotus Mansion	Hangzhou	1,005	19,802	43,564	58.5%
7	Zhangyuan Mansion	Hangzhou	278	24,270	60,675	57.9%
			<u>4,885</u>	<u>247,117</u>	<u>523,903</u>	

As at 31 December 2022, the total GFA of the Group's land bank was about 10.11 million sq.m., out of which the total unsold or undelivered GFA of the completed properties projects was about 1.52 million sq.m. As at 31 December 2022, the average acquisition cost of the Group's overall land bank was about RMB3,116 per sq.m.

During the year under review, the GFA of the properties of which the construction was newly commenced by the Group was about 1.47 million sq.m.

OTHER BUSINESS DEVELOPMENT

The businesses of the Group are diversifying which provide the basis for securing more stable income in the future and diversification of investment risks. The Group will steadily promote an asset-light business model and gradually broaden the scope of property services and business operation which includes hotel operation, commercial leasing, office building management and property services, and will continue to adopt new business models and types such as the promotion of development of new agricultural and healthcare industries at the same time, so as to enhance the upstream and downstream business linkage and synergetic development of our property business and to maintain a trend of sustainable development.

Hotel operation

There are four hotels currently under operation, Holiday Inn Hangzhou Xiaoshan, Hangzhou Qiandao Lake Bright Resort Hotel, Huaibei Bright Hotel and the Ningbo Bright Hotel. Among them, Ningbo Bright Hotel officially commenced business in October 2019, and its operation performance was good. The hotel operation of the Group recorded a revenue of approximately RMB221.7 million (2021: approximately RMB173.2 million), representing an increase of approximately 28.0%, during the year under review and the overall hotel occupancy rate was approximately 56% (2021: approximately 40%).

Commercial leasing

The leasing revenue for 2022 was about RMB101.5 million, representing a decrease of about 17.0% as compared to RMB122.3 million in 2021.

Currently, Highlong Plaza, International Office Centre (IOC), Zhong An Square and the shopping units of Hidden Dragon Bay provide the main source of leasing income of the Group. Highlong Plaza consists of office buildings, a shopping centre, a hotel, serviced apartments and underground car parking lots. The serviced apartments at Highlong Plaza were sublet to and managed by independent operators, namely Ningbo Sanbi Hotel and Hangzhou Youbang Hotel. The performance of the operation was satisfactory. The overall leasing rate was 86% (2021: 87%).

Property management and other services

The revenue generated from property management and other services for 2022 was about RMB408.0 million, representing an increase of about 3.2% as compared to RMB395.2 million in 2021. The Group provides quality property management services and other services to the communities located in properties developed by the Group and other developers. The services are further enhanced by the provision of travel tours, housekeeping and nanny services, etc. The provision of customer-oriented services and the wide variety of services offered have strengthened the Group's corporate brand management.

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Awards and Recognitions

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

Awards	Awarded parties/projects
2022 Top 100 China Real Estate Developers	Zhong An Group Limited
2022 Top 10 Hong Kong Listed Domestic Property Companies with Financial Stability	Zhong An Group Limited
2022 Top 10 Hong Kong Listed Domestic Property Companies with Investment Value	Zhong An Group Limited
2022 Top 100 China Real Estate Enterprise Brand Value	Zhong An Group Limited
2022 Top 10 China Real Estate Enterprise for Social responsibility	Zhong An Group Limited
2022 China's Top 100 Property Management Service Providers	Zhejiang Zhong An Property Management Co., Ltd.

Human resources

As at 31 December 2022, the Group employed a total of 5,506 staff (2021: 4,911 staff). In 2022, the staff cost of the Group was about RMB447.2 million (2021: about RMB541.1 million), representing a decrease of about 17.4%. The decrease was mainly due to the Group has adopted a number of measures to reduce costs and increase efficiency. The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal on a yearly basis for its employees, the results of which are taken into account of 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 employee 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.

FINANCIAL ANALYSIS

Revenue

For the year ended 31 December 2022, the Group recorded total revenue of approximately RMB9,250.5 million, representing an increase of approximately 86.2% compared with that of RMB4,968.7 million in 2021. Among which, the revenue arising from the sale of properties had constituted and is expected to constitute continually the vast majority of the Group's total revenue, accounting for approximately 92.1% of the total income amount for the year. The increase of the revenue was mainly due to the increase in the total GFA of the properties delivered in 2022 compared with that of 2021, and a corresponding increase in the amount that can be included in the recognized revenue of 2022.

Cost of sales

For the year ended 31 December 2022, the Group's cost of sales was approximately RMB6,779.6 million, representing an increase of approximately 94.1% as compared with that of RMB3,492.5 million in 2021.

Gross profit and Gross profit margin

For the year ended 31 December 2022, the Group recorded gross profit of about RMB2,470.9 million, representing an increase of about 67.4% as compared to that of about RMB1,476.1 million in the previous year, the gross profit margin was approximately 26.7%, decreased by approximately 3.0 percentage points as compared to those of 2021.

Other income and gains

The other income and gains of the Group amounted to approximately RMB313.7 million for the year ended 31 December 2022, representing an increase of 1.2% as compared with that of RMB310.1 million in 2021.

Selling and distribution expenses

The selling and distribution expenses decreased by about 26.9% to about RMB315.6 million in 2022 from about RMB431.9 million in 2021. This is mainly due to the decrease in sales commission with the decline of the contracted sales amount in 2022.

Administrative expenses

Administrative expenses decreased by about 20.0% to about RMB611.7 million in 2022 from about RMB764.5 million in 2021. This is primarily attributable to the Group has adopted a number of measures to reduce costs and increase efficiency.

Other expenses

Other expenses decreased by about 17.0% to about RMB174.9 million in 2022 from about RMB210.7 million in 2021.

Finance costs

Finance costs decreased by about 34.6% to about RMB147.3 million in 2022 from about RMB225.1 million in 2021. This decrease is mainly due to the increase of capitalized interest in 2022.

Income tax expenses

Income tax expenses increased by about 591.7% to about RMB1,297.0 million in 2022 from about RMB187.5 million in 2021. This is primarily due to the increase of profit before tax and provision of LAT in 2022.

Capital structure

As at 31 December 2022, 5,635,809,800 shares in the Company were in issue (31 December 2021: 5,635,809,800 shares).

As at 31 December 2022, the Group had total assets of approximately RMB59,096.9 million (2021: approximately RMB57,240.3 million) which were financed by current liabilities of approximately RMB36,497.7 million (2021: approximately RMB30,848.8 million), non-current liabilities of approximately RMB10,266.0 million (2021: approximately RMB14,461.4 million) and shareholders' equity of approximately RMB12,333.2 million (2021: approximately RMB11,930.1 million).

As at 31 December 2022, the Group had aggregate cash and cash equivalents and restricted cash of about RMB6,633.4 million (2021: RMB7,895.7 million).

As at 31 December 2022, the Group's interest-bearing bank and other borrowings amounted to approximately RMB14,747.7 million (2021: approximately RMB16,993.9 million).

The maturity profile of the borrowings was as follows:

	As at 31 December 2022 RMB'000	As at 31 December 2021 RMB'000
Within 1 year or on demand	5,512,718	3,618,903
Over 1 year but within 2 years	1,789,703	7,608,194
Over 2 years but within 5 years	7,000,659	4,715,491
Over 5 years	444,600	1,051,273
	<u>14,747,680</u>	<u>16,993,861</u>

Interest-bearing bank and other borrowings bear interest at fixed rates and floating rates. As at 31 December 2022, the Group's interest-bearing bank and other borrowings bore average effective interest rate of 5.47% (2021: 6.20%).

The denominated amounts of the borrowings were as follows:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
RMB loans and borrowings	14,728,793	16,990,633
GBP loans and borrowings	18,887	3,228
	<u>14,747,680</u>	<u>16,993,861</u>

For the year under review, the total cost of borrowings of the Group was approximately RMB868.2 million (2021: approximately RMB793.4 million), and, among which, interests with an amount of approximately RMB729.6 million (2021: approximately RMB578.9 million) were capitalized.

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.25 (2021: approximately 1.41). The ratio of interest-bearing bank and other borrowings to total assets was approximately 0.25 (2021: approximately 0.30). The net gearing ratio of the Group (defined as net debt divided by total equity) was approximately 0.66 (2021: approximately 0.76) (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 31 December 2022, the Group had capital commitments of about RMB6,936.0 million (2021: approximately RMB6,984.0 million) in respect of property and project 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).

Contingent liabilities

As at 31 December 2022, the contingent liabilities of the Group were about RMB11,107.8 million (2021: approximately RMB7,438.2 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 31 December 2022, investment properties of the Group with a carrying value of about RMB213.3 million (2021: approximately RMB2,681.6 million), properties under development of about RMB29,021.6 million (2021: approximately RMB24,189.0 million), completed properties held for sale of about RMB628.7 million (2021: approximately RMB823.7 million), property and equipment of about RMB1,177.6 million (2021: approximately RMB1,185.5 million), restricted cash of about RMB4.0 million (2021: approximately RMB64.1 million), 100% equity interest in subsidiaries of the Group of about RMB60.0 million (2021: RMB40.0 million) 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 2022 and 2021 were made mainly in Renminbi, 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 2022 and 2021.

Interest rate risk

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

Events after the reporting period

A subsidiary of the Company proposes to apply for registration of the medium-term notes in an aggregate principal amount of up to RMB1,900,000,000 ("**Medium-term Notes**"), which will be a company bond with a term of no more than three years. The Medium-term Notes are proposed to be guaranteed by an independent third party guarantor of the Group, with unconditional and irrevocably joint and several liability. On 27 February 2023, the Company and China New City Commercial Development Limited ("**China New City**") entered into an agreement, pursuant to which two subsidiaries of China New City will make available and pledge certain properties to the independent third party guarantor of the Medium-term Notes as a counter guarantee (the "**Agreement**"). The Agreement and the transactions contemplated thereunder constitute a non-exempted connected transaction for China New City under Chapter 14A of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and are subject to independent shareholders' approval in its upcoming extraordinary general meeting.

Environmental, Social and Governance Aspects

The Group is always committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. A report on the environmental, social and governance aspects is being prepared with reference to Appendix 27 (Environmental, Social and Governance Reporting Guide) to the Listing Rules on the Stock Exchange and will be published respectively on the websites of the Company and the Stock Exchange in due course.

Prospects

Looking forward to the year 2023, as the pandemic is gradually brought under control, the economy will gradually recover and grow steadily. Under the stimulation of a series of comprehensive measures and favorable policies, the financing environment of the real estate industry has gradually improved and will develop smoothly and healthily in the future. The strong economic strength of the Yangtze River Delta region, with its strong purchasing power and rapid economic recovery after the pandemic, is still in the lead in the development of the industry. The hosting of the 2023 Asian Games will further boost the economic development of the Yangtze River Delta.

The Group will maintain a prudent view in the short term and an optimistic view in the long term. The Group will make full use of its brand advantages in the Yangtze River Delta region to actively seize market opportunities, and carry out deep regional cultivation and hard work. Under the premise of financial soundness, the Group will maintain an appropriate debt size and appropriately broaden its financing channels. At the same time, the Group will actively promote product standardization and innovation, establish a full-cycle quality control system, and realize the double-curve drive and comprehensive upgrade of product power and marketing power. The Group will actively build “Quality Zhong An” and maintain high quality development. We will also accelerate the capitalization process of individual segments to drive diversified development and enhance the Group’s overall strength.

FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2022 (2021: Nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2022.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). 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 year.

CORPORATE GOVERNANCE

Throughout the year, the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 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.

SCOPE OF WORK OF ERNST & YOUNG

The figures above in respect of this annual results announcement for the year ended 31 December 2022 have been agreed with the Company’s auditor, Ernst & Young, certified public accountants (“**Ernst & Young**”), to be consistent with the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

AUDIT COMMITTEE

The Audit Committee of the Company (comprising all the independent non-executive Directors) had reviewed the consolidated financial statements of the Group during the year 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.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Thursday, 8 June 2023 (the “AGM”). A notice convening the AGM will be published and despatched in due course to the Shareholders in the manner required by the Listing Rules. The register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023 (both days inclusive) for the purposes of determining Shareholders who are entitled to attend and vote at the forthcoming AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Friday, 2 June 2023.

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

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

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

The PRC, 24 March 2023

As at the date of this announcement, the Board comprised five executive Directors, namely Mr Shi Zhongan (Chairman), Mr Zhang Jiangan (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.