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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 2023**

**SUMMARY**

- The Group's contracted sales in the Period under review was approximately RMB7,449.8 million, representing an increase of approximately 41.5% as compared to the corresponding period of 2022
- The Group's revenue in the Period under review was approximately RMB4,078.1 million, representing a decrease of approximately 19.7% as compared to the corresponding period of 2022
- The Group's profit in the Period under review was approximately RMB156.1 million, representing an increase of approximately 122.2% as compared to the corresponding period of 2022
- The profit in the period attributable to the owner of the parent was approximately RMB196.6 million, representing an increase of approximately 42.8% as compared to the corresponding period of 2022
- As at 30 June 2023, the Group's total debt asset ratio and net gearing ratio were approximately 78.5% and 58.8% 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 2023 (the “Period” or the “Period under review”), together with the comparative figures for the corresponding period ended 30 June 2022 as below:

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
<b>Revenue</b>	4	<b>4,078,059</b>	5,077,587
Cost of sales		<u>(3,378,863)</u>	<u>(3,351,481)</u>
<b>Gross profit</b>		<b>699,196</b>	1,726,106
Other income and gains	4	<b>64,805</b>	178,891
Selling and distribution expenses		<b>(158,139)</b>	(126,896)
Administrative expenses		<b>(341,237)</b>	(311,155)
Other expenses		<b>(12,946)</b>	(92,931)
Finance costs		<b>(55,941)</b>	(102,932)
Changes in fair value of investment properties		<b>(29,911)</b>	(95,590)
Share of profits and losses of:			
Joint ventures		<b>55,166</b>	(7,528)
Associates		<b>66,630</b>	(80,970)
<b>Profit before tax</b>	5	<b>287,623</b>	1,086,995
Income tax expense	6	<b>(131,559)</b>	(1,016,764)
<b>Profit for the period</b>		<b><u>156,064</u></b>	<u>70,231</u>
Attributable to:			
Owners of the parent		<b>196,571</b>	137,659
Non-controlling interests		<b>(40,507)</b>	(67,428)
		<b><u>156,064</u></b>	<u>70,231</u>
<b>Earnings per share attributable to equity holders of the parent</b>			
Basic and diluted	7	<b><u>RMB3.49 cents</u></b>	<u>RMB2.44 cents</u>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

	2023 <i>RMB'000</i> (Unaudited)	2022 <i>RMB'000</i> (Unaudited)
<b>Profit for the period</b>	<b>156,064</b>	<b>70,231</b>
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>13,837</u>	<u>24,509</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>13,837</u>	<u>24,509</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	<b>62,808</b>	(10,872)
Income tax effect	<u>(11,646)</u>	<u>2,718</u>
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>51,162</u>	<u>(8,154)</u>
<b>Other comprehensive income for the period, net of tax</b>	<b>64,999</b>	<b>16,355</b>
<b>Total comprehensive income for the period</b>	<b><u>221,063</u></b>	<b><u>86,586</u></b>
Attributable to:		
Owners of the parent	<b>246,014</b>	152,772
Non-controlling interests	<u>(24,951)</u>	<u>(66,186)</u>
	<b><u>221,063</u></b>	<b><u>86,586</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	<b>30 June</b>	31 December
	<b>2023</b>	2022
<i>Note</i>	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>		
Property and equipment	2,474,216	2,497,023
Investment properties	5,162,600	5,202,000
Properties under development	1,888,104	1,923,669
Right-of-use assets	128,238	129,969
Other intangible assets	13,822	14,194
Restricted cash	120,319	146,956
Equity investments designated at fair value through other comprehensive income	503,146	516,341
Long term prepayments and deposits	445,444	439,123
Investments in joint ventures	1,013,180	1,109,214
Investments in associates	1,190,435	1,123,805
Deferred tax assets	364,953	354,375
	<u>13,304,457</u>	<u>13,456,669</u>
Total non-current assets		
<b>CURRENT ASSETS</b>		
Completed properties held for sale	4,190,375	3,060,872
Properties under development	28,663,382	30,728,107
Inventories	42,583	39,909
Trade receivables	164,865	171,054
Prepayments, other receivables and other assets	4,512,279	3,545,203
Financial assets at fair value through profit or loss	171,006	162,561
Loans to joint ventures	875,240	681,760
Loans to associates	754,840	689,386
Restricted cash	3,770,528	3,484,859
Cash and cash equivalents	1,845,023	3,001,572
Investment properties classified as held for sale	58,600	74,900
	<u>45,048,721</u>	<u>45,640,183</u>
Total current assets		

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2023

		30 June 2023	31 December 2022
	<i>Note</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Audited)
<b>CURRENT LIABILITIES</b>			
Trade payables	9	1,710,742	1,931,079
Other payables and accruals		843,581	1,352,832
Contract liabilities		25,041,234	23,635,988
Lease liabilities		46,071	53,069
Amounts due to joint ventures		809,242	456,692
Amounts due to associates		985,513	912,618
Interest-bearing bank and other borrowings		4,578,699	5,512,718
Tax payable		2,190,655	2,642,693
		<u>36,205,737</u>	<u>36,497,689</u>
		<u>8,842,984</u>	<u>9,142,494</u>
<b>NET CURRENT ASSETS</b>			
		<u>8,842,984</u>	<u>9,142,494</u>
<b>TOTAL ASSETS LESS</b>			
<b>CURRENT LIABILITIES</b>			
		<u>22,147,441</u>	<u>22,599,163</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		8,536,320	9,234,962
Deferred tax liabilities		911,240	890,622
Lease liabilities		145,654	140,415
		<u>9,593,214</u>	<u>10,265,999</u>
		<u>12,554,227</u>	<u>12,333,164</u>
<b>Net assets</b>			
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		498,653	498,653
Reserves		9,224,064	8,978,050
		<u>9,722,717</u>	<u>9,476,703</u>
		<u>2,831,510</u>	<u>2,856,461</u>
<b>Non-controlling interests</b>			
		<u>2,831,510</u>	<u>2,856,461</u>
		<u>12,554,227</u>	<u>12,333,164</u>
<b>Total equity</b>			
		<u>12,554,227</u>	<u>12,333,164</u>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2023 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 2022.

## 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 2022, 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.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Insurance Contracts</i>
Amendments to IFRS 17	<i>Initial Application of IFRS 17 and IFRS 9 – Comparative information</i>
<i>Amendments to IAS 1 and IFRS Practice Statement 2</i>	<i>Disclosure of Accounting Policies</i>
<i>Amendments to IAS 8</i>	<i>Definition of Accounting Estimates</i>
<i>Amendments to IAS 12</i>	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
<i>Amendments to IAS 12</i>	<i>International Tax Reform – Pillar Two Model Rules</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 Mainland China 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 2023 and 2022, respectively.

<b>Six months ended 30 June 2023</b> <b>(unaudited)</b>	<b>Residential</b> <b>RMB'000</b>	<b>Commercial</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
<b>Segment revenue:</b>			
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><u>4,078,059</u></u>
<b>Segment results:</b>	<b>304,734</b>	<b>(17,111)</b>	<b>287,623</b>
<b>Other segment information:</b>			
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>

<b>Six months ended 30 June 2022</b> <b>(unaudited)</b>	Residential <i>RMB'000</i>	Commercial <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>			
Sales to external customers	4,820,483	257,104	5,077,587
Intersegment sales	<u>62,978</u>	<u>–</u>	<u>62,978</u>
	4,883,461	257,104	5,140,565
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(62,978)</u>
Revenue from operations			<u>5,077,587</u>
<b>Segment results:</b>	<u>1,338,154</u>	<u>(251,159)</u>	<u>1,086,995</u>
<b>Other segment information:</b>			
Share of loss of:			
Joint ventures	7,043	485	7,528
Associates	80,970	–	80,970
Depreciation and amortisation	12,068	67,743	79,811
Capital expenditure	<u>6,098</u>	<u>64,935</u>	<u>71,033</u>



The following tables present segment assets and liability information of the Group's operating segments as at 30 June 2023 and 31 December 2022, respectively:

<b>As at 30 June 2023</b> <b>(unaudited)</b>	<b>Residential</b> <b>RMB'000</b>	<b>Commercial</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
<b>Segment assets</b>			
<i>Reconciliation:</i>			
Elimination of intersegment receivables	45,016,206	14,584,183	59,600,389
			<u>(1,247,211)</u>
<b>Total assets</b>	<b><u>43,768,995</u></b>	<b><u>14,584,183</u></b>	<b><u>58,353,178</u></b>
<b>Segment liabilities</b>	37,749,578	9,296,584	47,046,162
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>(1,247,211)</u>
<b>Total liabilities</b>	<b><u>36,502,367</u></b>	<b><u>9,296,584</u></b>	<b><u>45,798,951</u></b>
<b>As at 31 December 2022</b> <b>(audited)</b>	<b>Residential</b> <b>RMB'000</b>	<b>Commercial</b> <b>RMB'000</b>	<b>Total</b> <b>RMB'000</b>
<b>Segment assets</b>	44,671,977	15,179,776	59,851,753
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(754,901)</u>
<b>Total assets</b>	<b><u>43,917,076</u></b>	<b><u>15,179,776</u></b>	<b><u>59,096,852</u></b>
<b>Segment liabilities</b>	36,891,821	9,871,867	46,763,688
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>—</u>
<b>Total liabilities</b>	<b><u>36,891,821</u></b>	<b><u>9,871,867</u></b>	<b><u>46,763,688</u></b>

## Geographical Information

### (a) Revenue from external customers

	For the six months ended 30 June	
	2023 RMB'000 (Unaudited)	2022 RMB'000 (Unaudited)
Mainland China	4,069,735	5,059,401
Others	8,324	18,186
	<u>4,078,059</u>	<u>5,077,587</u>

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

### (b) Non-current assets

	30 June 2023 RMB'000 (Unaudited)	31 December 2022 RMB'000 (Audited)
	Mainland China	12,334,106
Others	102,252	102,141
	<u>12,436,358</u>	<u>12,585,953</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 2023 and 2022.

#### 4. REVENUE, OTHER INCOME AND GAINS

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

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Revenue from contracts with customers	4,017,477	5,047,295
Revenue from other sources		
Gross rental income from investment property operating leases	<u>60,582</u>	<u>30,292</u>
	<u><u>4,078,059</u></u>	<u><u>5,077,587</u></u>

#### Disaggregated revenue information for revenue from contracts with customers

##### For the six months ended 30 June 2023

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

For the six months ended 30 June 2022

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)
<b>Types of goods or services</b>				
Sale of properties	4,744,071	–	–	4,744,071
Hotel operating income	–	–	99,847	99,847
Property management and other services	–	203,377	–	203,377
Total revenue from contracts with customers	<u>4,744,071</u>	<u>203,377</u>	<u>99,847</u>	<u>5,047,295</u>
<b>Timing of revenue recognition</b>				
At a point in time	4,744,071	–	99,847	4,843,918
Over time	–	203,377	–	203,377
Total revenue from contracts with customers	<u>4,744,071</u>	<u>203,377</u>	<u>99,847</u>	<u>5,047,295</u>

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other income</b>		
Subsidy income*	<b>510</b>	7,008
Interest income	<b>50,998</b>	42,300
Others	<b>6,522</b>	21,014
<b>Gains</b>	<b>58,030</b>	70,322
Foreign exchange gain	–	3,621
Gain on remeasurement of investments in joint ventures	–	100,563
Gain on disposal of items of property and equipment	–	4,385
Change in fair value of financial assets at fair value through profit or loss	<b>6,775</b>	–
	<b>6,775</b>	108,569
	<b>64,805</b>	178,891

\* 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):

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Cost of properties sold	<b>3,108,403</b>	3,121,420
Depreciation of property and equipment	<b>49,558</b>	57,762
Depreciation of right-of-use assets	<b>20,936</b>	21,181
Amortisation of other intangible assets	<b>372</b>	868
Lease payments not included in the measurement of lease liabilities	<b>21,497</b>	22,483
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	<b>201,601</b>	188,272
– Pension scheme contributions*	<b>31,800</b>	30,674
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	<b>6,106</b>	2,612
Foreign exchange differences, net	<b>2,274</b>	(3,621)
Loss on disposal of investment properties	<b>2,478</b>	–
Fair value (gain)/losses, net:		
Changes in fair value of investment properties	<b>29,911</b>	95,590
Change in fair value of financial assets at fair value through profit or loss	<b>(6,775)</b>	27,097
Loss/(gain) on disposal of items of property and equipment	<b>200</b>	(4,385)
Gain on remeasurement of investments in joint ventures	–	(100,563)
Equity-settled share option expense	–	1,403
Impairment of financial assets**	<b>2,274</b>	2,360

\* 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, Canada and the United Kingdom are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong, Canada and the United Kingdom during the period (six months ended 30 June 2022: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2022: 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.

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax:		
PRC income tax for the period	<b>21,960</b>	183,366
PRC land appreciation tax for the period	<b>109,238</b>	902,288
Deferred tax	<b>361</b>	(68,890)
Total tax charge for the period	<b><u>131,559</u></b>	<b><u>1,016,764</u></b>

**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 RMB196,571,000 (six months ended 30 June 2022: RMB137,659,000) and the weighted average number of ordinary shares of 5,635,809,800 (six months ended 30 June 2022: 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:

	<b>For the six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent	<u><u>196,571</u></u>	<u><u>137,659</u></u>
	<b>Number of shares</b>	
	<b>2023</b>	<b>2022</b>
<b>Shares</b>		
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 2023 and 2022 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the period ended 30 June 2023 (six months ended 30 June 2022: Nil).

## 8. TRADE RECEIVABLES

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

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within six months	160,694	163,497
Over six months but within one year	2,034	3,721
Over one year but within two years	10,024	9,014
Over two years but within three years	3,326	1,824
Over three years	—	1,937
	<u>176,078</u>	<u>179,993</u>
Impairment	<u>(11,213)</u>	<u>(8,939)</u>
	<u><b>164,865</b></u>	<u><b>171,054</b></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:

	<b>30 June 2023 RMB'000 (Unaudited)</b>	31 December 2022 RMB'000 (Audited)
Within six months	1,333,193	1,626,535
Over six months but within one year	330,506	270,282
Over one year	47,043	34,262
	<u>1,710,742</u>	<u>1,931,079</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 2023 (six months ended 30 June 2022: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

The unaudited consolidated revenue of the Group for the Period under review was approximately RMB4,078.1 million, representing a decrease of approximately 19.7% from approximately RMB5,077.6 million for the corresponding period in 2022. The gross profit for the Period under review was approximately RMB699.2 million, representing a decrease of approximately 59.5% from approximately RMB1,726.1 million for the corresponding period in 2022. Gross profit margin was approximately 17.1%, representing a decrease of approximately 16.9 percentage points from approximately 34.0% for the corresponding period in 2022. The profit for the Period under review was approximately RMB156.1 million, representing an increase of approximately 122.2% from approximately RMB70.2 million for the corresponding period in 2022. The unaudited profit per share for the Period under review was RMB3.49 cents (corresponding period in 2022: RMB2.44 cents).

The Board does not recommend the payment of interim dividend for the Period under review (corresponding period in 2022: nil).

### Industry Review

According to the National Bureau of Statistics of the PRC, in the first half of 2023, the gross domestic product (“GDP”) of China amounted to RMB59,303.4 billion, representing an increase of 5.5% as compared with that of 2022, based on comparable prices. The economy of China had overcome difficulties and maintained growth, and its economic development has shown a trend of stabilization and recovery.

In the first half of 2023, the nationwide investment in property development amounted to RMB5,855.0 billion, representing a decline of 7.9% as compared with the corresponding period of last year, among which, residential investment amounted to RMB4,443.9 billion, representing a decline of 7.3%. In the first half of 2023, the gross floor area (“GFA”) of commodity properties sold was 595.15 million sq.m., representing a decline of 5.3% as compared with the corresponding period of last year, among which, the decline of GFA of residential properties sold was 2.8%, while the decline of GFA of office buildings sold and commercial business properties sold were 18.8% and 20.5% respectively. The sales of commodity properties amounted to RMB6,309.2 billion, representing an increase of 1.1%, among which, the increase of sales of residential properties was 3.7%, while the decline of sales of office buildings and commercial business properties were 18.6% and 17.7% respectively.

The area under construction by property development enterprises was 7,915.48 million sq.m., representing a decline of 6.6% as compared with the corresponding period of last year, among which, the area under construction for residential properties was 5,570.83 million sq.m., representing a decline of 6.9%. The area of newly commenced properties was 498.80 million sq.m., representing a decline of 24.3% as compared with the corresponding period of last year, among which, the area of newly commenced residential properties was 363.40 million sq.m., representing a decline of 24.9% as compared with the corresponding period of last year. The completed construction area of properties was 339.04 million sq.m., representing an increase of 19.0% as compared with the corresponding period of last year, among which, the completed construction area of residential properties was 246.04 million sq.m., representing an increase of 18.5% as compared with the corresponding period of last year. At the end of June in 2023, the area of commodity properties pending for sale was 641.59 million sq.m., representing an increase of 17.0% as compared with the corresponding period of last year, among which, the area of residential properties pending for sale increased by 18.0%, the area of office buildings pending for sale increased by 22.5% and the area of commercial business properties pending for sale increased by 13.2% 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 RMB3,627.8 million, which represented a decrease of approximately 23.5% from approximately RMB4,744.1 million for the corresponding period in 2022. The decrease was mainly due to the decrease of properties delivered during the Period under review as compared to the corresponding period of last year.

The revenue from property leasing amounted to approximately RMB60.6 million (corresponding period in 2022: approximately RMB30.3 million), representing an increase of approximately 100.0%. The hotel operation of the Group recorded a revenue of approximately RMB124.4 million (corresponding period in 2022: approximately RMB99.8 million), representing an increase of approximately 24.6%. The Group's property management and other services recorded a revenue of approximately RMB265.2 million (corresponding period in 2022: approximately RMB203.4 million), representing an increase of approximately 30.4%.

## **Cost of sales**

During the Period under review, the Group's cost of sales was approximately RMB3,378.9 million, which represented an increase of approximately 0.8% from approximately RMB3,351.5 million for the corresponding period in 2022. The increase was due to the increase in average cost of properties delivered during the Period 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 RMB699.2 million (corresponding period in 2022: approximately RMB1,726.1 million), representing a decrease of approximately 59.5%. Gross profit margin was approximately 17.1% (corresponding period in 2022: approximately 34.0%), decreased by approximately 16.9 percentage points. The decrease in gross profit was mainly due to the decrease of properties delivered which led to the decrease in revenue recognized for the Period, as well as the increase in average cost of properties delivered during the Period as compared to the corresponding period of last year.

## **Other income and gains**

During the Period under review, other income and gains amounted to approximately RMB64.8 million (corresponding period in 2022: approximately RMB178.9 million), representing a decrease of approximately 63.8%. The decrease was mainly due to the fact that gains on remeasurement of investments in joint ventures were recorded in the same period of last year, while no corresponding gain was recorded during the Period.

## **Selling and distribution expenses**

During the Period under review, the selling and distribution costs of the Group increased from approximately RMB126.9 million for the corresponding period in 2022 to approximately RMB158.1 million, representing an increase of approximately 24.6%. The increase was mainly due the increase 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 increased from approximately RMB311.2 million for the corresponding period in 2022 to approximately RMB341.2 million, representing an increase of approximately 9.7%.

## **Other expenses**

During the Period under review, the other expenses of the Group decreased from approximately RMB92.9 million for the corresponding period in 2022 to approximately RMB12.9 million, representing a decrease of approximately 86.1%. The decrease was mainly due to the fact that expenses of donations, changes in fair value of financial assets at fair value through profit or loss, and loss on disposal of investment properties decreased in the Period compared to the corresponding period of last year.

## **Finance costs**

During the Period under review, the finance costs of the Group decreased from approximately RMB102.9 million for the corresponding period in 2022 to approximately RMB55.9 million, representing a decrease of approximately 45.7%. This is mainly due to the decrease in interest expenses during the Period.

## **Income tax expenses**

During the Period under review, the income tax expenses of the Group decreased from approximately RMB1,016.8 million for the corresponding period in 2022 to approximately RMB131.6 million, representing a decrease of approximately 87.1%. This is primarily due to the decrease of profit of 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 RMB156.1 million (corresponding period in 2022: approximately RMB70.2 million), representing an increase of approximately 122.2%. During the Period under review, the profit attributable to owners of the Company was approximately RMB196.6 million (corresponding period in 2022: approximately RMB137.7 million), representing an increase of approximately 42.8%.

## Contracted sales

During the Period under review, the contracted GFA sold by the Group was approximately 357,410 sq.m. with the amount of approximately RMB7,449.8 million. Set out below are the details of the contracted GFA sold 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
	<b>Zhejiang</b>			
Others (Residential)	Hangzhou	1,712	25.5	90.0%
Hidden Dragon Bay	Hangzhou	27,625	352.3	61.1%
International Office Centre (IOC) A2	Hangzhou	2,485	126.9	66.0%
Nan Hu Ming Yu	Hangzhou	262	14.7	59.9%
Shunyuan Mansion	Hangzhou	109	2.8	90.0%
Xiaoshan Lotus Mansion	Hangzhou	167	12.5	90.0%
Fashion Color City	Hangzhou	4,667	76.0	59.4%
Chun'an Lotus Mansion	Hangzhou	3,999	52.4	100.0%
Long Ying Hui Jin Zuo (Bin He Yin)	Hangzhou	5,511	136.9	59.4%
Chuyue Mansion	Hangzhou	21,075	649.4	90.0%
Lan Lotus Mansion	Hangzhou	11,029	427.4	58.5%
Zecui Ju	Hangzhou	6,935	128.1	90.0%
Zhangyuan Mansion	Hangzhou	3,997	53.8	57.9%
Lin Qi Yun Fu	Hangzhou	1,822	43.8	22.5%
Yunqiqiling	Hangzhou	9,052	170.0	36.0%
Weikechenming Mansion	Hangzhou	62,356	1,551.0	45.0%
Ruiyuan Mansion	Hangzhou	2,189	41.1	90.0%
Xinnongdu	Hangzhou	14,727	117.4	25.3%
Cixi New City	Cixi	672	4.2	59.4%
Chaoyue Mansion	Ningbo	401	10.3	90.0%
Chenyue Land	Lishui	19,873	293.0	30.6%
Jiang Lin Mansion	Lishui	940	38.0	31.5%
Xiuhu Lotus Gardon	Yiwu	14,339	677.4	58.5%

<b>Projects</b>	<b>City</b>	<b>Contracted GFA sold sq.m.</b>	<b>Contracted amount RMB million</b>	<b>% of interest attributable to the Group</b>
Lakeside Mansion	Yiwu	5,012	204.5	90.0%
Shunyuan Mansion	Wenzhou	2,454	73.6	44.1%
Wenzhou Future City	Wenzhou	27,954	464.9	45.0%
Sky Tree (Residential)	Wenzhou	14,063	220.3	22.5%
Guyue Mansion	Shaoxing	–	0.1	90.0%
Tang Song He Ming	Shaoxing	13,964	597.6	44.1%
Shaoxing Future City	Shaoxing	6,559	117.4	51.3%
Cloud Chen Square	Quzhou	10,878	148.5	45.9%
Ruyi Mansion	Zhouhsan	313	2.3	90.0%
Heyuan Mansion	Taizhou	–	0.3	90.0%
Taizhou Future City	Taizhou	2,348	64.9	90.0%
<b>Jiangsu</b>				
Nanjing Future City	Nanjing	3,264	22.0	90.0%
Jiangyin Future City	Wuxi	6,151	93.7	90.0%
<b>Anhui</b>				
Vancouver City	Huaibei	34,134	262.4	100.0%
<b>Shandong</b>				
Qingdao New City	Qingdao	793	6.3	100.0%
Zhong An Future City	Qingdao	6,250	52.5	90.0%
<b>Yunnan</b>				
Yunxing Imperial Palace	Kunming	7,329	113.6	90.0%
		<b>357,410</b>	<b>7,449.8</b>	

## Recognised sales

During the Period under review, the recognised GFA sold by the Group was approximately 175,022 sq.m. with the amount of approximately RMB3,627.8 million. Set out below are the details of the recognised GFA sold 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
<b>Zhejiang</b>				
Shunyuan Mansion	Hangzhou	99,525	1,943.0	90.0%
Fashion Color City	Hangzhou	21,119	378.0	59.4%
Hidden Dragon Bay	Hangzhou	15,272	185.6	61.1%
Nan Hu Ming Yu	Hangzhou	3,179	102.1	59.9%
Xiaoshan Lotus Mansion	Hangzhou	712	29.2	90.0%
Xixi Future Square	Hangzhou	287	10.2	90.0%
Ideal Bay	Hangzhou	1,168	10.1	45.9%
College Square	Hangzhou	535	8.6	90.0%
Others	Hangzhou	231	3.6	90.0%
White Horse Manor	Hangzhou	272	2.8	90.0%
Xixi Manhattan	Hangzhou	99	1.1	59.4%
Guyue Mansion	Shaoxing	15,473	733.8	90.0%
Jade Mansion	Yuyao	–	2.2	93.0%
Cixi Landscape Garden	Cixi	435	2.3	90.0%
Cixi New City	Cixi	94	0.6	59.4%
Typha Lotus Garden	Yiwu	532	22.8	58.5%
Comphor Tree Bay	Lishui	–	3.3	90.0%
Ruyi Mansion	Zhoushan	12,351	150.4	90.0%
<b>Anhui</b>				
Vancouver City	Huaipei	3,088	33.4	100.0%
<b>Shandong</b>				
Qingdao New City	Qingdao	650	4.7	100.0%
		<b>175,022</b>	<b>3,627.8</b>	

The average property sales price per sq.m. achieved by the Group for the Period under review was approximately RMB20,728 (corresponding period in 2022: approximately RMB22,588), representing a decrease of approximately 8.2%. The average sales cost per sq.m. was approximately RMB17,760 (corresponding period in 2022: approximately RMB14,769), representing an increase of approximately 20.3%.

### **Land reserve**

As at 30 June 2023, the total GFA of the Group's land bank was approximately 964.1 million sq.m., the average acquisition cost of the Group's overall land bank was approximately RMB2,977 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 2023, 5,635,809,800 shares in the Company were in issue (as at 31 December 2022: 5,635,809,800 shares).

As at 30 June 2023, the Group had total assets of approximately RMB58,353.2 million (as at 31 December 2022: approximately RMB59,096.9 million) which were financed by current liabilities of approximately RMB36,205.7 million (as at 31 December 2022: approximately RMB36,497.7 million), non-current liabilities of approximately RMB9,593.2 million (as at 31 December 2022: approximately RMB10,266.0 million) and shareholders' equity of approximately RMB12,554.2 million (as at 31 December 2022: approximately RMB12,333.2 million).

As at 30 June 2023, the Group had an aggregate amount of cash and cash equivalents and restricted cash of about RMB5,735.9 million (as at 31 December 2022: RMB6,633.4 million).

As at 30 June 2023, the Group's interest-bearing bank and other borrowings amounted to approximately RMB13,115.0 million (as at 31 December 2022: approximately RMB14,747.7 million).



The maturity profile of the borrowings was as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Within 1 year or on demand	<b>4,578,699</b>	5,512,718
Over 1 year but within 2 years	<b>2,029,915</b>	1,789,703
Over 2 years but within 5 years	<b>5,927,705</b>	7,000,659
Over 5 years	<b>578,700</b>	444,600
	<b><u>13,115,019</u></b>	<b><u>14,747,680</u></b>

Interest-bearing bank and other borrowings bear interest at fixed rates and floating rates. As at 30 June 2023, the Group's interest-bearing bank and other borrowings bore an average effective interest rate of 5.09% per annum (corresponding period in 2022: 5.47% per annum).

The denominated amounts of the borrowings were as follows:

	<b>As at 30 June 2023 RMB'000 (Unaudited)</b>	As at 31 December 2022 RMB'000 (Audited)
Renminbi	<b>13,090,659</b>	14,728,793
GBP	<b>24,360</b>	18,887
	<b><u>13,115,019</u></b>	<b><u>14,747,680</u></b>

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.24 (as at 31 December 2022: approximately 1.25). The ratio of interest-bearing bank and other borrowings to total assets was 0.22 (as at 31 December 2022: 0.25). The net gearing ratio of the Group (defined as net debt divided by total equity) was 0.59 (as at 31 December 2022: 0.66) (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 2023, the Group had capital commitments of approximately RMB4,852.9 million (as at 31 December 2022: approximately RMB6,936.0 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).

### **Contingent liabilities**

As at 30 June 2023, the contingent liabilities of the Group was approximately RMB15,768.5 million (as at 31 December 2022: approximately RMB11,107.8 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 2023, investment properties of the Group with carrying value of approximately RMB713.6 million (as at 31 December 2022: approximately RMB213.3 million), properties under development of approximately RMB23,227.1 million (as at 31 December 2022: approximately RMB29,021.6 million), and property and equipment of approximately RMB510.8 million (as at 31 December 2022: approximately RMB1,177.6 million) were pledged to secure the banking facilities and other borrowings of the Group, while there was no pledged completed properties held for sale, restricted cash or 100% equity interest in certain subsidiaries of the Group (as at 31 December 2022: approximately RMB628.7 million, RMB4.0 million or RMB60.0 million respectively).

## **Foreign exchange risk**

As the sales, purchase and external financing of the Group in the Period under review and the corresponding period 2022 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 2023, the Group employed a total of 5,427 staff (As at 30 June 2022: 5,221 staff). During the Period under review, the staff cost of the Group was approximately RMB233.4 million (corresponding period in 2022: about RMB218.9 million), representing an increase of approximately 6.6%.

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 2023 and up to the date of this announcement.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2023 (corresponding period in 2022: nil).

## **PROSPECTS**

Looking forward to the second half of 2023, although the external environment is becoming more complex and severe and economic development is under pressure, the fundamentals of China’s long-term economic growth remain robust. The characteristics of strong resilience, great potential and vitality have not changed, neither have the conditions to support high-quality development. With the accumulation of positive factors promoting development, the economy is expected to continue to recover. The concept that “houses are for living in, not for speculating” has been deeply rooted in people’s mind, and the need for buying houses is turning to the demand for quality of living. As a result, it is expected that the development of the real estate industry will gradually return to rationality.

The Group will continue to adhere to the operating attitude of “short-term prudence, long-term optimism”, and continue on the road of healthy development. The Group will also leverage on its own brand advantages in the Yangtze River Delta region to seize business opportunities, deepen the implementation of strategic goals, consolidate its core segments, continuously enhance the ability of enterprises to resist risks, and consolidate the stability of enterprise development, so as to maximise shareholders’ value.

## **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 10 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 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.

## **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 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, 25 August 2023

*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.*