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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 2023

SUMMARY

- The recognised revenue in the FY2023 was approximately RMB14,490.2 million, representing an increase of approximately 56.6% as compared to that of the FY2022
- The gross profit for the FY2023 was approximately RMB1,525.4 million, representing a decrease of approximately 38.3% from that of the FY2022
- The profit for the FY2023 was approximately RMB287.1 million, representing an increase of approximately 1,240.5% from that of the FY2022
- The profit attributable to owners of the parent for the FY2023 was approximately RMB479.4 million, representing an increase of approximately 156.8% from that of the FY2022
- As at 31 December 2023, the Group's total gearing ratio and net gearing ratio were approximately 73.3% and 43.1% respectively, which were maintained at a reasonable level
- The awards and accolades issued by the PRC government and recognised authorities to the Group during the FY2023 include 2023 Top 100 China Real Estate Developers, 2023 Top 10 Hong Kong Listed Domestic Property Companies with Financial Stability, 2023 Top 10 Hong Kong Listed Domestic Property Companies with Investment Value, 2023 Top 10 Commercial Real Estate Operation Companies in China and 2023 Top 100 China Integrated Property Service Enterprises No. 39.

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 2023 (the “**FY2023**”), together with the comparative figures for the corresponding year ended 31 December 2022 (the “**FY2022**”) as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue	<i>4</i>	14,490,232	9,250,499
Cost of sales		<u>(12,964,836)</u>	<u>(6,779,570)</u>
Gross profit		1,525,396	2,470,929
Other income and gains, net	<i>4</i>	97,103	313,694
Selling and distribution expenses		(337,752)	(315,552)
Administrative expenses		(589,284)	(611,729)
Other expenses	<i>4</i>	(112,299)	(174,886)
Finance costs	<i>6</i>	(129,068)	(147,265)
Changes in fair value of investment properties		(352,311)	(115,160)
Share of profits/(losses) of:			
Joint ventures		187,408	(15,324)
Associates		<u>162,014</u>	<u>(86,323)</u>
Profit before tax	<i>5</i>	451,207	1,318,384
Income tax expense	<i>7</i>	<u>(164,093)</u>	<u>(1,296,966)</u>
Profit for the year		<u>287,114</u>	<u>21,418</u>

		2023	2022
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Attributable to:			
Owners of the parent		479,442	186,734
Non-controlling interests		<u>(192,328)</u>	<u>(165,316)</u>
		<u>287,114</u>	<u>21,418</u>
Earnings per share attributable to ordinary equity holders of the parent			
	<i>8</i>		
Basic		<u>RMB8.5 cents</u>	<u>RMB3.3 cents</u>
Diluted		<u>RMB8.5 cents</u>	<u>RMB3.3 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	<u>287,114</u>	<u>21,418</u>
Other comprehensive income		
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(38,300)</u>	<u>28,643</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(38,300)</u>	<u>28,643</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	11,518	–
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	65,920	11,624
Income tax effect	<u>(16,480)</u>	<u>(2,906)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>60,958</u>	<u>8,718</u>
Total comprehensive income for the year	<u>309,772</u>	<u>58,779</u>
Attributable to:		
Owners of the parent	518,347	217,072
Non-controlling interests	<u>(208,575)</u>	<u>(158,293)</u>
	<u>309,772</u>	<u>58,779</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Note</i>	2023	2022
		RMB'000	RMB'000
Non-current assets			
Property and equipment		2,371,886	2,497,023
Investment properties		4,840,200	5,202,000
Properties under development		1,959,634	1,923,669
Right-of-use assets		83,274	129,969
Other intangible assets		–	14,194
Restricted cash		184,982	146,956
Equity investments designated at fair value through other comprehensive income		457,163	516,341
Long term prepayments		451,495	439,123
Investments in joint ventures		1,093,138	1,109,214
Investments in associates		1,285,819	1,123,805
Deferred tax assets		367,495	354,375
		<hr/>	<hr/>
Total non-current assets		13,095,086	13,456,669
Current assets			
Completed properties held for sale		7,551,181	3,060,872
Properties under development		19,017,731	30,728,107
Inventories		39,997	39,909
Trade receivables	9	220,738	171,054
Prepayments, other receivables and other assets		4,258,159	3,545,203
Financial assets at fair value through profit or loss		99,542	162,561
Loans to joint ventures		816,098	681,760
Loans to associates		740,104	689,386
Restricted cash		1,925,366	3,484,859
Cash and cash equivalents		787,166	3,001,572
Investment properties classified as held for sale		18,600	74,900
		<hr/>	<hr/>
Total current assets		35,474,682	45,640,183

	2023	2022
<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current liabilities		
Trade payables	3,460,881	1,931,079
Other payables and accruals	1,175,552	1,352,832
Contract liabilities	16,671,292	23,635,988
Lease liabilities	56,351	53,069
Advances from joint ventures	1,273,867	456,692
Advances from associates	1,209,012	912,618
Interest-bearing bank and other borrowings	2,511,810	5,512,718
Tax payable	2,374,082	2,642,693
	<u>28,732,847</u>	<u>36,497,689</u>
Total current liabilities		
	<u>6,741,835</u>	<u>9,142,494</u>
Net current assets		
	<u>19,836,921</u>	<u>22,599,163</u>
Total assets less current liabilities		
Non-current liabilities		
Interest-bearing bank and other borrowings	5,974,349	9,234,962
Deferred tax liabilities	815,272	890,622
Lease liabilities	92,100	140,415
	<u>6,881,721</u>	<u>10,265,999</u>
Total non-current liabilities		
	<u>12,955,200</u>	<u>12,333,164</u>
Net assets		
Equity		
Equity attributable to owners of the parent		
Share capital	498,653	498,653
Reserves	9,720,836	8,978,050
	<u>10,219,489</u>	<u>9,476,703</u>
Non-controlling interests	<u>2,735,711</u>	<u>2,856,461</u>
	<u>12,955,200</u>	<u>12,333,164</u>
Total equity		

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 new and revised IFRSs for the first time for the current year’s financial statements.

IFRS 17	<i>Insurance Contracts</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to IAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

The new and 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. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	<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> ¹
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> ^{1,4}
Amendments to IAS 1	<i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> ^{1,4}
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i> ¹
Amendments to IAS 21	<i>Lack of Exchangeability</i> ²

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

² Effective for annual periods beginning on or after 1 January 2025

³ No mandatory effective date yet determined but available for adoption

⁴ 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

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 Chinese Mainland 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 Chinese Mainland, 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 2023	Residential <i>RMB'000</i>	Commercial <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue			
Sales to external customers	13,192,997	1,297,235	14,490,232
Intersegment sales	<u>20,349</u>	<u>–</u>	<u>20,349</u>
Sales to external customers	13,213,346	1,297,235	14,510,581
<u>Reconciliation:</u>			
Elimination of intersegment sales			<u>(20,349)</u>
Revenue from continuing operations			<u><u>14,490,232</u></u>
Segment results	927,874	(476,667)	451,207
Segment assets	35,366,685	13,533,007	48,899,692
<u>Reconciliation:</u>			
Elimination of intersegment receivables			<u>(329,924)</u>
Total assets	35,036,761	13,533,007	<u><u>48,569,768</u></u>
Segment liabilities	26,922,400	9,022,092	35,944,492
<u>Reconciliation:</u>			
Elimination of intersegment payables			<u>(329,924)</u>
Total liabilities	26,922,400	8,692,168	<u><u>35,614,568</u></u>
Other segment information:			
Share of (profits)/losses of:			
Associates	(162,014)	–	(162,014)
Joint ventures	(188,071)	663	(187,408)
Impairment losses recognised in the statement			
of profit or loss	238,691	21,280	259,971
Investments in joint ventures	1,056,749	36,389	1,093,138
Investments in associates	1,285,819	–	1,285,819
Depreciation and amortisation	14,189	149,526	163,715
Capital expenditure	<u>4,921</u>	<u>70,899</u>	<u>75,820</u>

Year ended			
31 December 2022	Residential	Commercial	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue			
Sales to external customers	8,658,716	591,783	9,250,499
Intersegment sales	31,670	–	31,670
			<hr/>
Sales to external customers	8,690,386	591,783	9,282,169
<u>Reconciliation:</u>			
Elimination of intersegment sales			<hr/> (31,670)
Revenue from continuing operations			<hr/> <u>9,250,499</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			<hr/> (754,901)
Total assets	43,917,076	15,179,776	<hr/> <u>59,096,852</u>
Segment liabilities	36,891,821	9,871,867	46,763,688
<u>Reconciliation:</u>			
Elimination of intersegment payables			<hr/> –
Total liabilities	36,891,821	9,871,867	<hr/> <u>46,763,688</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	13,646	118,551	132,197
	<hr/>	<hr/>	<hr/>

Geographical information

(a) Revenue from external customers

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	14,474,030	9,202,483
Others	<u>16,202</u>	<u>48,016</u>
	<u>14,490,232</u>	<u>9,250,499</u>

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

(b) Non-current assets

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Chinese Mainland	12,190,099	12,483,812
Others	<u>80,329</u>	<u>102,141</u>
	<u>12,270,428</u>	<u>12,585,953</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 2023 and 2022.

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

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	14,379,520	9,148,971
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	<u>110,712</u>	<u>101,528</u>
	<u>14,490,232</u>	<u>9,250,499</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2023

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	13,692,115	-	-	13,692,115
Hotel operation services	-	-	257,923	257,923
Property management and other services	-	429,482	-	429,482
	<u>13,692,115</u>	<u>429,482</u>	<u>257,923</u>	<u>14,379,520</u>
Total revenue from contracts with customers	<u>13,692,115</u>	<u>429,482</u>	<u>257,923</u>	<u>14,379,520</u>
Timing of revenue recognition				
At a point in time	13,692,115	-	257,923	13,950,038
Over time	-	429,482	-	429,482
	<u>13,692,115</u>	<u>429,482</u>	<u>257,923</u>	<u>14,379,520</u>
Total revenue from contracts with customers	<u>13,692,115</u>	<u>429,482</u>	<u>257,923</u>	<u>14,379,520</u>

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	–	408,001	–	408,001
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	–	408,001	–	408,001
Total revenue from contracts with customers	<u>8,519,313</u>	<u>408,001</u>	<u>221,657</u>	<u>9,148,971</u>

Revenue from the sale of properties recognised that was included in contract liabilities at the beginning of the reporting period was amounted to RMB13,661,072,000 (2022: RMB8,360,822,000).

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other income		
Bank interest income	66,758	114,627
Subsidy income*	963	7,864
Others	16,407	30,970
	<u>84,128</u>	<u>153,461</u>
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
Gain on disposal of items of property and equipment	4,308	55,654
Changes in fair value of financial assets at fair value through profit or loss	8,667	–
	<u>12,975</u>	<u>160,233</u>
	<u>97,103</u>	<u>313,694</u>

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Other expenses		
Impairment provision for property and equipment	(1,653)	(12,867)
Impairment of financial assets	(52,743)	(2,660)
Impairment provision for right-of-use assets	(729)	(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 subsidiaries	(8,189)	–
Loss on disposal of investment properties	(4,382)	(23,683)
Loss on disposal of right-of-use assets	(4,834)	–
Donations	(6,041)	(51,017)
Foreign exchange loss	(6,844)	–
Compensation	(18,724)	(18,958)
Others	(8,160)	(11,018)
	<u>(112,299)</u>	<u>(174,886)</u>

5 PROFIT BEFORE TAX

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Cost of properties sold	12,242,581	6,275,512
Depreciation of property and equipment	130,350	126,997
Depreciation of right-of-use assets	32,520	42,832
Amortisation of other intangible assets	845	1,735
Lease payments not included in the measurement of lease liabilities	49,220	51,970
Auditor's remuneration	6,665	5,040
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	342,121	386,094
– Pension scheme contributions*	55,488	61,143
Foreign exchange differences, net	6,844	(3,681)
Direct operating expenses (including repairs and maintenance arising on investment properties)	5,522	4,378
Loss on disposal of investment properties	4,382	23,683
Loss/(gain) on disposal of right-of-use assets	4,834	(335)
Gain on disposal of items of property and equipment	(4,308)	(55,654)
Gain on remeasurement of investments in joint ventures	–	(100,563)
Loss on disposal of subsidiaries	8,189	–
Fair value losses/(gains), net:		
Changes in fair value of investment properties	352,311	115,160
Changes in fair value of financial assets at fair value through profit or loss	(8,667)	19,889
Impairment provision for property and equipment **	1,653	12,867
Impairment provision for right-of-use assets**	729	19,936
Impairment provision for intangible assets**	–	14,858
Write down to net realisable value of completed properties held for sale	53,211	–
Write down to net realisable value of properties under development	151,635	–
Impairment of financial assets**	52,743	2,660

* *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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank and other borrowings	700,081	868,174
Interest on lease liabilities	5,688	8,666
Total interest expense on financial liabilities not at fair value through profit or loss	705,769	876,840
Less: Interest capitalised in properties under development	576,701	729,575
	<u>129,068</u>	<u>147,265</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 (2022: Nil).

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

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Current – PRC corporate income tax for the year	202,973	309,804
Current – PRC LAT for the year	52,270	1,103,751
Deferred	(91,150)	(116,589)
Total tax charge for the year	<u>164,093</u>	<u>1,296,966</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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	<u>451,207</u>	<u>1,318,384</u>
Tax at the statutory tax rate of 25% (2022: 25%)	112,802	329,595
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	46	(6,529)
Utilised tax losses not recognised in previous periods	–	(39,240)
Profits and losses attributable to joint ventures and associates	(87,356)	25,412
Income not subject to tax	(1,589)	(25,648)
Expenses not deductible for tax	15,827	16,253
Tax losses not recognised	85,160	169,310
Provision for LAT	52,270	1,103,751
Tax effect on LAT	<u>(13,067)</u>	<u>(275,938)</u>
Tax charge at the Group's effective rate	<u>164,093</u>	<u>1,296,966</u>

Tax payable in the consolidated statement of financial position represents:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
PRC corporate income tax	975,937	962,588
PRC LAT	<u>1,398,145</u>	<u>1,680,105</u>
	<u>2,374,082</u>	<u>2,642,693</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 RMB479,442,000 (2022: RMB186,734,000) and the weighted average number of ordinary shares of 5,635,809,800 (2022: 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent	<u>479,442</u>	<u>186,734</u>
Number of shares		
	2023	2022
Shares		
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 2023 and 2022 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2023 (2022: 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within six months	220,847	163,497
Over six months but within one year	6,071	3,721
Over one year but within two years	2,399	9,014
Over two years but within three years	4,205	1,824
Over three years	–	1,937
	233,522	179,993
Impairment	(12,784)	(8,939)
	<u>220,738</u>	<u>171,054</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 2023 and 2022. 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Within six months	3,207,298	1,626,535
Over six months but within one year	219,585	270,282
Over one year	33,998	34,262
	<u>3,460,881</u>	<u>1,931,079</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 2023 (for the year ended 31 December 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The consolidated revenue of the Group for the FY2023 was approximately RMB14,490.2 million, representing an increase of approximately 56.6% from that of the FY2022. The gross profit for the FY2023 was approximately RMB1,525.4 million, representing a decrease of approximately 38.3% from that of the FY2022. The profit attributable to owners of the parent for the FY2023 was approximately RMB479.4 million, representing an increase of approximately 156.8% from that of the FY2022. The basic earnings per share was approximately RMB8.5 cents (2022: approximately RMB3.3 cents).

Industry Review

According to data from the National Bureau of Statistics of the PRC, in 2023, China's gross domestic product (GDP) reached RMB126,058.2 billion, representing a growth of 5.2% compared to the previous year calculated at constant prices. Faced with a complex and severe international environment and the arduous task of domestic reform, development, and stability, China has fully, accurately, and comprehensively implemented the new development philosophy, accelerated the construction of a new development pattern, focused on expanding domestic demand, optimising the structure, boosting confidence, and preventing and defusing risks. The economy has rebounded and shown positive signs, with steady improvement in supply and demand, active promotion of transformation and upgrading, solid progress in high-quality development, and the successful achievement of the main expected targets.

In 2023, nationwide real estate development investment amounted to RMB11,091.3 billion, representing a decrease of 9.6% compared to the previous year. Among them, residential investment amounted to RMB8,382 billion, representing a decrease of 9.3%. In 2023, the gross floor area (“GFA”) of commodity properties sold was 1,117.4 million sq.m., representing a decline of 8.5% compared to the previous year. Among them, the decline of GFA of residential properties sold was 8.2%, while the decline of GFA of office building sold was 9.0%, and the decline of GFA of commercial business properties sold was 12.0%. The sales volume of commodity properties amounted to RMB11,662.2 billion, representing a decrease of 6.5%, with sales of residential properties decreasing by 6.0%, sales of office building decreasing by 12.9%, and sales of commercial business properties decreasing by 9.3%.

In 2023, the area under construction by property development enterprises amounted to 8,383.64 million sq.m., representing a decrease of 7.2% compared to the previous year. Among them, the area under construction of residential buildings was 5,898.84 million sq.m., representing a decrease of 7.7%. The newly started construction area of buildings amounted to 953.76 million sq.m., representing a decrease of 20.4%. Among them, the newly started construction area of residential buildings was 692.86 million sq.m., representing a decrease of 20.9%. The completed construction area of buildings amounted to 998.31 million sq.m., representing an increase of 17.0%. Among them, the completed construction area of residential buildings was 724.33 million sq.m., representing an increase of 17.2%. At the end of 2023, the area of commodity properties for sale amounted to 672.95 million sq. m., representing an increase of 19.0% compared to the previous year. Among them, the area of residential buildings for sale increased by 22.2%, the area of office buildings for sale increased by 17.7%, and the area of commercial business buildings for sale increased by 13.3%.

Business Review

The recognised revenue of properties delivered by the Group in the FY2023 was approximately RMB13,692.1 million (2022: approximately RMB8,519.3 million), representing an increase of approximately 60.7%, which was mainly due to the increase in the total GFA of properties sold and delivered by the Group to approximately 718,117 sq.m. in the FY2023 from approximately 365,773 sq.m. in the FY2022, representing an increase of approximately 96.3%, and the corresponding amount of recognised revenue that can be counted in the FY2023 increased accordingly.

The recognised average selling price per sq.m. achieved by the Group in the FY2023 was approximately RMB19,066.7, representing a decrease of approximately 18.1% from approximately RMB23,291.2 for the FY2022.

During the FY2023, 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	18,534	226.4	61.1%
International Office Centre (IOC)A3	Hangzhou	327	6.5	66.0%
White Horse Manor	Hangzhou	272	6.2	90.0%
Ideal Bay	Hangzhou	1,168	12.0	45.9%
Xixi Manhattan	Hangzhou	566	5.6	59.4%
College Square	Hangzhou	163	4.4	90.0%
Xixi Future Square	Hangzhou	1,988	29.5	90.0%
Nan Hu Ming Yue	Hangzhou	3,387	107.2	59.9%
Xiaoshan Lotus Mansion	Hangzhou	379	20.6	90.0%
Shunyuan Mansion	Hangzhou	100,453	1,945.7	90.0%
Fashion Color City	Hangzhou	33,364	547.0	59.4%
Cloud Land	Hangzhou	76,446	2,642.3	90.0%
Ruiyuan Mansion	Hangzhou	17,011	322.4	90.0%
Others	Hangzhou	1,617	22.1	90.0%
Guyue Mansion	Shaoxing	16,425	779.7	90.0%
Jade Mansion	Yuyao	–	2.6	93.0%
Zhong An Times Square Phase II	Yuyao	–	0.6	61.4%
Cixi Landscape Garden	Cixi	675	4.1	90.0%
Cixi New City	Cixi	5,224	38.9	59.4%
Typha Lotus Garden	Yiwu	853	36.1	90.0%
Comphor Tree Bay	Lishui	–	4.5	90.0%
Ruyi Mansion	Zhoushan	13,390	160.9	90.0%
Heyuan Mansion	Taizhou	84,070	1,280.7	90.0%
Taizhou Future City	Taizhou	167,421	2,873.8	90.0%
Shunyuan Mansion	Wenzhou	69,885	1,823.3	90.0%
Anhui				
Vancouver City	Huaibei	99,773	751.4	100.0%
Shandong				
Qingdao New City	Qingdao	4,726	38.1	100.0%
		718,117	13,692.1	

The average cost of properties sold per sq.m. of the Group was approximately RMB17,048.2 in the FY2023, representing a decrease of approximately 0.6% from approximately RMB17,156.8 in the previous year.

Progress of development on the major projects

Hangzhou City, Zhejiang Province

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., which is for residential use. The project commenced construction and started the pre-sale in the third quarter of 2020. It was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation. So far, it has been basically sold out apart from some car parking lots and a few housings.

Fashion Color City

It is located in Xinjie Village, Xiaoshan District, Hangzhou. It consists of finely-finished 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., which 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 was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation.

Cloud Land

It is located in the City of Future Science and Technology, Yuhang District, Hangzhou. It consists of multi-storey buildings, with a total floor area of approximately 46,737 sq.m. and a total GFA of approximately 78,087 sq.m., which 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 was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation. So far, it has been basically sold out apart from some car parking lots and a few housings.

International Office Center (IOC)

IOC is a large-scale integrated commercial complex located in Qianjiang Century City (錢江世紀城), Xiaoshan District, Hangzhou, which comprises 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, which 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 has been basically sold out apart from a few housings and car parking lots. 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 was completed in 2023. The volume of pre-sales of Plot A2 during the year under review was in line with expectation.

Ruiyuan Mansion

It is located in Yinhu Street, Fuyang District, Hangzhou. It 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., which is for residential use. The project commenced construction in the third quarter of 2021 and started the pre-sales in the fourth quarter of 2021. It was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation.

Lotus Mansion (Chun'an)

It is located in the Pearl Peninsula plot, Chun'an County, Hangzhou. It 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., which 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 delivered in 2024. The volume of pre-sales of the project during the year under review was in line with expectation.

Long Ying Hui Jin Zuo (Bin He Yin)

It is located in Beigan Technology Innovation Park, Xiaoshan District, Hangzhou. It 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., which was for commercial use. The project commenced construction in the fourth quarter of 2021 and started the pre-sales in the third quarter of 2022. It is expected to be completed in 2024. The volume of pre-sales of the project during the year under review was in line with expectation.

Chuyue Mansion

It is located in Shushan Unit, Xiaoshan District, Hangzhou. It 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., which is for residential use. The project commenced construction in the second quarter of 2022 and started the pre-sales in the fourth quarter of 2022. It is expected to be completed by the end of 2024. The volume of pre-sales of the project during the year under review was in line with expectation. So far, it has been basically sold out apart from some car parking lots and a few housings.

Zecui Ju

It is located in Daicun Unit, Xiaoshan District, Hangzhou. It 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., which is for residential use. The project commenced construction in the second quarter of 2022 and started the pre-sales in the fourth quarter of 2022. It is expected to be completed in 2025. The volume of pre-sales of the project during the year under review was in line with expectation.

Lan Lotus Mansion

It is located in Sandun Unit, Xihu District, Hangzhou. It 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., which is for residential use. The project commenced construction in the third quarter of 2022 and started the pre-sales in the fourth quarter of 2022. It is expected to be completed by the end of 2024. The volume of pre-sales of the project during the year under review was in line with expectation. So far, it has been basically sold out apart from some car parking lots.

Zhangyuan Mansion

It is located in Dangwan Unit, Xiaoshan District, Hangzhou. It 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., which is for residential use. The project commenced construction in the third quarter of 2022 and started the pre-sales in the fourth quarter of 2022. It is expected to be completed in 2025. The volume of pre-sales of the project during the year under review was in line with expectation.

Ningbo, Zhejiang Province

Cixi Zhong An Landscape Gard\Cixi New City

This is a residential and commercial property project located in Cixi, Zhejiang Province. The total site area is approximately 197,655 sq.m. The project includes a commercial portion that provides supporting services to local residents, with a total GFA of approximately 510,125 sq.m., consisting of multi-storey apartments which are developed in six phases. So far, the residential part has been basically sold out apart from some car parking lots. Commercial Phase 1, with a total GFA of approximately 28,158 sq.m., commenced construction in July 2019, and started the pre-sales in the third quarter of 2020. It was completed in 2021. Commercial Phase II, with a total GFA of approximately 72,000 sq.m., commenced construction in the second quarter of 2021, and was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation.

Chaoyue Mansion

It is located at the south site of Daqi Songhuajiang Road station in Beilun District, Ningbo, Zhejiang Province. It 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., which is for residential use. The project commenced construction in the third quarter of 2021 and started the pre-sales in the fourth quarter of 2021. It is expected to be completed by early 2024. The volume of pre-sales of the project during the year under review was in line with expectation. So far, it has been basically sold out apart from a few car parking lots.

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., which is for residential use. The project commenced construction in the first quarter of 2021 and started the pre-sales in the third quarter of 2021. It is expected to be delivered in 2024. The volume of pre-sales of the project during the year under review was in line with 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., which is for residential use. The project commenced construction in the fourth quarter of 2021 and started the pre-sales in the second quarter of 2022. It is expected to be completed in 2024.

Wenzhou, Zhejiang Province

Shunyuan Mansion

It is located in the core area of Wenzhou. It consists of finely finished high-rise buildings, with a total floor area of approximately 30,236 sq.m. and a total GFA of approximately 84,963 sq.m., which is for residential use. The project commenced construction in the second quarter of 2020 and started the pre-sales in the third quarter of 2020. It was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation. So far, it has been basically sold out apart from a few housings and car parking lots.

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., which is for residential use. The project commenced construction in the fourth quarter of 2021 and started the pre-sales 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 in line with expectation.

Shaoxing, Zhejiang Province

Guyue Mansion

It is located in the west of the main urban area of Shaoxing. It 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., which is for residential use. The project commenced construction in the third quarter of 2020 and started the pre-sales in the first quarter of 2021. It was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation.

Future City (Fuyuan Mansion)

It is located in Fuquan Future Community, Keqiao District, Shaoxing. It is composed of housings for talents, offices and shops. The project also includes the construction of housings for repurchase and placement. The project covers a total floor area of approximately 78,484 sq.m. and a total GFA of approximately 211,907 sq.m., which is for residential use. The project commenced construction in the fourth quarter of 2021, started the pre-sales 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 in line with expectation.

Taizho, Zhejiang Province

Heyuan Mansion

It is located in the Evergrande East Plot of Hongjia Street, Jiaojiang District, Taizhou. It 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., which is for residential use. The project commenced construction in the fourth quarter of 2020 and started the pre-sales in the fourth quarter of 2020. It was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation.

Future City (Spring Breeze)

It is located in High-tech Zone of Taizhou. It 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., which is for residential use. The project commenced construction in the fourth quarter of 2020 and started the pre-sales in the second quarter of 2021. It was completed in 2023. The volume of pre-sales of the project during the year under review was in line with expectation.

Quzhou, Zhejiang Province

Cloud Palace Square (Cloud Chen Square)

It is located in the High-speed railway station area of Quzhou. It 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., which for residential use. The project commenced construction in the second quarter of 2021, and started the pre-sales in the third quarter of 2021. It is expected to be completed by 2024. The volume of pre-sales of the project during the year under review was in line with expectation.

Lishui, Zhejiang Province

Chenyue Mansion (Chenyue Mingdi)

It is located in Liandu District, Lishui. It is composed of high-rise buildings and shops, with a total floor area of approximately 52,293 sq.m. and a total GFA of approximately 104,586 sq.m., which is for residential use. The project commenced construction in the second quarter of 2022 and started the pre-sales in the third quarter of 2022. It is expected to be completed by 2025. The volume of pre-sales of the project during the year under review was in line with 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 several phases, and its sale and pre-sales during the year under review were in line with expectation. The Huaibei Bright Hotel (淮北伯瑞特酒店), with a GFA of approximately 67,061 sq.m., has been put into business in September 2017. The GFA of Phase V project of south Jinyuan Mansion is approximately 100,000 sq.m. The project commenced construction in the third quarter of 2021 and started the pre-sales in the third quarter of 2021. It was completed in 2023. So far, it has been basically sold out apart from some car parking lots and a few housings. The GFA of project of Xiangyuan Mansion is approximately 90,000 sq.m. 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 in line with expectation.

Nanjing, Jiangsu Province

Future Mansion

It is located in Development Zone of Gaochun District, Nanjing, Jiangsu Province. It 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., which is for residential use. The project commenced construction in the third quarter of 2020 and started the pre-sales in the third quarter of 2021. It is expected to be delivered in 2024. The volume of pre-sales of the project during the year under review was in line with expectation.

Wuxi, Jiangsu Province

Future Mansion (Shun Yuan Graceland)

It is located in Yangjia Village, Jiangyin, Wuxi, Jiangsu Province. It 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., which is for residential use. The project commenced construction in the fourth quarter of 2020 and started the pre-sales in the fourth quarter of 2021. It is expected to be delivered in 2024. So far, it has been basically sold out apart from some housings and car parking lots.

Qingdao, Shandong Province

Qingdao New City

It is located in Hetao District, Hongdao Economic Zone, Qingdao. It mainly consists of high-rise residential buildings, apartments, offices and shops with a total floor area of 51,376 sq.m. and a GFA of 111,483 sq.m., among which, the planed building area of the residential plot is approximately 53,254 sq.m. The pre-sales started in the fourth quarter of 2019 and it was completed in 2021. So far, it has been basically sold out apart from some housings and car parking lots.

Future Mansion (Residential)

It is located in Huangdao District, Qingdao. It consists of high-rise, small high-rise, multi-storey buildings and apartments for talents, with a total floor area of approximately 58,596 sq.m. and a total GFA of approximately 158,209 sq.m., which is for residential use. The project commenced construction in the second quarter of 2021 and started the pre-sales in the second 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 in line with expectation.

Future Community (Commercial)

It is located in Huangdao District, Qingdao. It 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., which is for commercial use. The project is currently maintained as land reserves for development.

Kunming, Yunnan Province

Yunxing Imperial Palace

It is located in the plot of Yongshan Street Office, Xishan District, Kunming. It mainly consists of high-rise residential buildings, apartments and shops 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 in line with expectation.

Overseas

Amber Rise

This project is in Vancouver, Province of British Columbia, Canada with a total GFA of approximately 7,719 sq.m. The site is located in a wealthy district with approximately 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 2023

As at 31 December 2023, the contracted GFA sold by the Group was approximately 615,858 sq.m. (2022: approximately 750,710 sq.m.) with the contracted amount of approximately RMB11,669.3 million (2022: approximately RMB14,267.7 million), representing a year-to-year decrease of approximately 18.2%. 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	2,204	49.4	90.0%
Hidden Dragon Bay	Hangzhou	30,887	398.2	61.1%
International Office Centre (IOC)A2&A3	Hangzhou	5,390	260.3	66.0%
Others(Commercial)	Hangzhou	467	5.1	59.4%
Nan Hu Ming Yue	Hangzhou	279	21.2	59.9%
Shunyuan Mansion	Hangzhou	109	2.8	90.0%
Xiaoshan Lotus Mansion	Hangzhou	167	17.2	90.0%
Fashion Color City	Hangzhou	23,163	373.4	59.4%
Chun'an Lotus Mansion	Hangzhou	8,131	103.9	100.0%
Long Ying Hui Jin Zuo (Bin He Yin)	Hangzhou	10,740	268.9	59.4%
Chuyue Mansion	Hangzhou	25,666	792.5	90.0%
Lan Lotus Mansion	Hangzhou	11,029	427.7	58.5%
Zecui Ju	Hangzhou	16,393	290.7	90.0%
Zhangyuan Mansion	Hangzhou	9,833	132.5	57.9%
Lin Qi Yun Fu	Hangzhou	2,034	46.5	22.5%
Yunqiqiling	Hangzhou	15,551	292.7	36.0%
Weikechenming Mansion	Hangzhou	81,689	2,024.5	45.0%
Ruiyuan Mansion	Hangzhou	2,426	46.2	90.0%
Xinnongdu	Hangzhou	29,537	267.1	11.8%
Zi Jin Mansion	Hangzhou	311	6.7	21.6%
Zhong An Times Square Phase II	Yuyao	–	0.6	61.4%
Cixi New City	Cixi	2,533	15.7	59.4%
Chaoyue Mansion	Ningbo	401	10.8	90.0%
Chenyue Land	Lishui	28,236	408.4	30.6%
Jiang Lin Mansion	Lishui	951	38.0	31.5%
Xiuhu Lotus Gardon	Yiwu	17,381	836.1	90.0%
Lakeside Mansion	Yiwu	6,217	256.6	90.0%
Shunyuan Mansion	Wenzhou	2,597	79.3	44.1%

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
Wenzhou Future City	Wenzhou	62,048	1,025.6	45.0%
Sky Tree (Residential)	Wenzhou	20,032	313.0	22.5%
Guyue Mansion	Shaoxing	986	51.7	90.0%
Tang Song He Ming	Shaoxing	20,257	886.3	44.1%
Shaoxing Future City	Shaoxing	13,344	248.5	51.3%
Cloud Chen Square	Quzhou	16,611	218.5	45.9%
Ruyi Mansion	Zhouhsan	509	3.7	90.0%
Heyuan Mansion	Taizhou	2	–	90.0%
Taizhou Future City	Taizhou	7,511	138.1	90.0%
	Jiangsu			
Nanjing Future City	Nanjing	40,480	269.1	90.0%
Jiangyin Future City	Wuxi	11,848	171.5	90.0%
	Anhui			
Vancouver City	Huaipei	49,675	393.7	100.0%
	Shandong			
Qingdao New City	Qingdao	2,090	17.9	100.0%
Zhong An Future City	Qingdao	14,871	122.6	90.0%
	Yunnan			
Yunxing Imperial Palace	Kunming	21,275	336.4	90.0%
		<u>615,858</u>	<u>11,669.3</u>	

Land bank

As at 31 December 2023, the total GFA of the Group's land bank was approximately 8.63 million sq.m., among which the total unsold or undelivered GFA of the completed properties projects was approximately 1.99 million sq.m. As at 31 December 2023, the average acquisition cost of the Group's overall land bank was approximately RMB2,977 per sq.m.

OTHER BUSINESS DEVELOPMENT

The Group's businesses have become increasingly diversified, which lays a solid foundation for more stable income and risk diversification in the future. The group will steadily advance its high-quality development strategic goals and light-asset operating management model. While solidifying the foundation of its real estate business, the Group has gradually expanded the scope of commercial operations, intelligent property management services, and other businesses, including not only hotel management, commercial operations, office building management, intelligent property management services and etc. and has continue to explore business development in the construction and capital sectors, so as to enhance the linkage and synergy among its upstream and downstream businesses in the real estate industry, and strive to maintain a good momentum of sustainable development.

Hotel Management

There are currently four hotels under the Group's management, namely, Hangzhou Xiaoshan Holiday Inn Hotel, Hangzhou Qiandao Lake Bright Resort Hotel, Huaibei Bright Hotel, and Ningbo Bright Hotel. Among them, Ningbo Bright Hotel officially commenced operation in October 2019 and has been performing well. The Group recorded hotel operating revenue of approximately RMB257.9 million during the FY2023 (2022: approximately RMB221.7 million), representing a growth of approximately 16.3%. The hotels' overall occupancy rate for the FY2023 was approximately 69% (2022: approximately 56%).

Commercial Operations

For the FY2023, the Group's revenue from leasing business was approximately RMB110.7 million, representing an increase of approximately 9.1% as compared to approximately RMB101.5 million in the FY2022.

Currently, the Group's leasing income is mainly derived from Highlong Plaza, International Office Center (IOC), Yiwu Zhongan Square, Yuyao Zhongan Square, and the shopping units of Hidden Dragon Bay. Highlong Plaza consists of office buildings, a shopping center, a hotel, serviced apartments, and underground parking lots. The performance of the respective leasing properties has been satisfactory. The overall occupancy rate for the FY2023 was approximately 86% (2022: approximately 86%).

Property Management and Other Services

For the FY2023, the Group's revenue from property management and other services was approximately RMB429.5 million, representing an increase of approximately 5.3% as compared to RMB408.0 million in the FY2022. The Group provides high-quality property management and other services to the owners of properties developed by the Group and other developers. While solidifying the basic services, the Group continues to expand its business scope to provide value-added services, such as housekeeping and nanny services, and new services, such as beauty and washing, during the FY2023, which contributed to satisfactory revenue growth. By delivering high-quality services, the Group has gained the trust of its customers and managed to expand the property area under its management nationwide by continuously taking on new projects.

As the Group's businesses become increasingly diversified, the Group steadily advances its high-quality development strategic goals and light-asset operating management model. While maintaining a solid foundation of its real estate business, the Group has gradually expanded the scope of commercial operations, intelligent property management services, and other businesses. The Group not only extends its reach in hotel management, commercial operations, office building management, and intelligent property management services but also expands into modern agriculture, education and culture, film and entertainment, leisure tourism, and wellness industries to align with its overall industry development. The Group has also continued to explore business development in the construction and capital sectors to enhance the linkage and synergy among its upstream and downstream businesses in the overall real estate industry, has made unremitting efforts to maintain a good momentum of sustainable development.

Awards and Recognitions

The Group had received the following awards and accolades from the PRC government and recognised authorities during the FY2023:

Awards	Awarded parties/projects
2023 Top 100 China Real Estate Developers	Zhong An Group Limited
2023 Top 10 Hong Kong Listed Domestic Property Companies with Financial Stability	Zhong An Group Limited
2023 Top 10 Hong Kong Listed Domestic Property Companies with Investment Value	Zhong An Group Limited
2023 Top 10 Chinese Real Estate Companies by Operational Efficiency	Zhong An Group Limited
2023 Outstanding Real Estate Development and Companies in China	Zhong An Group Limited
2023 Top 10 China Real Estate Enterprise for Social responsibility	Zhong An Group Limited
2023 Top 10 Commercial Real Estate Operation Companies in China	China New City Group Limited
2023 Top 100 China Integrated Property Service Enterprises No. 39	Zhong An Intelligent Living Service Limited
2023 Top 100 Property Management Companies in China	Zhong An Intelligent Living Service Limited

Human resources

As at 31 December 2023, the Group employed a total of 5,017 staff (2022: 5,506 staff). In the FY2023, the staff cost of the Group was approximately RMB397.6 million (2022: approximately RMB447.2 million), representing a decrease of approximately 11.1%. The decrease was mainly due to the Group adopting a number of measures to reduce costs and increase efficiency, and optimising staff organisation according to business development. The employees' remuneration policy was determined with 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 employees 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 programmes 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 2023, the Group recorded a total revenue of approximately RMB14,490.2 million, representing an increase of approximately 56.6% as compared to that of approximately RMB9,250.5 million in 2022. Among them, the revenue derived from the sale of properties had contributed and is expected to continually contribute to the vast majority of the Group's total revenue, accounting for approximately 94.5% of the total revenue for the year. The increase in the revenue was mainly due to the increase in the total GFA of the properties sold and delivered in 2023 as compared to that of 2022, and the corresponding increase in the amount of recognised revenue that can be counted in the FY2023.

Cost of sales

For the year ended 31 December 2023, the Group's cost of sales was approximately RMB12,964.8 million, representing an increase of approximately 91.2% as compared to that of RMB6,779.6 million in 2022. Such increase was mainly due to the increase in the total GFA of the properties sold and delivered in 2023 as compared to that of 2022.

Gross profit and Gross profit margin

For the year ended 31 December 2023, the Group recorded a gross profit of approximately RMB1,525.4 million, representing a decrease of approximately 38.3% as compared to that of approximately RMB2,470.9 million in the previous year. The gross profit margin was approximately 10.5%, which decreased by approximately 16.2 percentage points as compared to that of 2022. It was mainly due to the decrease in the average selling price recognised by the Group for the year as compared to the previous year.

Other income and gains

The other income and gains of the Group amounted to approximately RMB97.1 million for the year ended 31 December 2023, representing a decrease of approximately 69.0% as compared to that of approximately RMB313.7 million in 2022. This was mainly due to the fact that there was no one-time gain from re-measurement of investments in joint ventures in 2023, as well as a decrease in bank interest income and gain on disposal of items of property and equipment.

Selling and distribution expenses

The selling and distribution expenses increased by approximately 7.0% to approximately RMB337.8 million in 2023 from approximately RMB315.6 million in 2022. It was mainly due to the increase in sales and promotion expenses in 2023 as compared to that of the FY2022.

Administrative expenses

Administrative expenses of the Group decreased by approximately 3.7% to approximately RMB589.3 million in 2023 from approximately RMB611.7 million in 2022. It was mainly as a result of the fact that the Group had adopted a number of measures to reduce costs and increase efficiency in 2023.

Other expenses

Other expenses of the Group decreased by approximately 35.8% to approximately RMB112.3 million in 2023 from approximately RMB174.9 million in 2022.

Finance costs

Finance costs of the Group decreased by approximately 12.4% to approximately RMB129.1 million in 2023 from approximately RMB147.3 million in 2022. The decrease was mainly due to the decrease in interest bearing liabilities in 2023.

Income tax expenses

Income tax expenses of the Group decreased by approximately 87.3% to approximately RMB164.1 million in 2023 from approximately RMB1,297.0 million in 2022. It was mainly due to the decrease of provision for LAT in 2023.

Capital structure

As at 31 December 2023, 5,635,809,800 shares in the Company were in issue (31 December 2022: 5,635,809,800 shares).

As at 31 December 2023, the Group had total assets of approximately RMB48,569.8 million (2022: approximately RMB59,096.9 million) which were financed by current liabilities of approximately RMB28,732.8 million (2022: approximately RMB36,497.7 million), non-current liabilities of approximately RMB6,881.7 million (2022: approximately RMB10,266.0 million) and shareholders' equity of approximately RMB12,955.2 million (2022: approximately RMB12,333.2 million).

As at 31 December 2023, the Group had aggregate cash and cash equivalents and restricted cash of approximately RMB2,897.5 million (2022: RMB6,633.4 million). The decrease was mainly as a result of effective utilisation of cash for settling interest-bearing borrowings during the FY2023.

As at 31 December 2023, the Group's interest-bearing bank and other borrowings amounted to approximately RMB8,486.2 million (2022: approximately RMB14,747.7 million).

The maturity profile of the borrowings was as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
Within 1 year or on demand	2,511,810	5,512,718
Over 1 year but within 2 years	3,015,644	1,789,703
Over 2 years but within 5 years	2,367,965	7,000,659
Over 5 years	590,740	444,600
	<u>8,486,159</u>	<u>14,747,680</u>

Interest-bearing bank and other borrowings bear interest at fixed rates and floating rates. As at 31 December 2023, the Group's interest-bearing bank and other borrowings bore average effective interest rate of approximately 4.86% (2022: 5.47%).

The denominated amounts of the borrowings were as follows:

	As at 31 December 2023 RMB'000	As at 31 December 2022 RMB'000
RMB loans and borrowings	8,486,159	14,728,793
GBP loans and borrowings	–	18,887
	<u>8,486,159</u>	<u>14,747,680</u>

For the FY2023, the total cost of borrowings of the Group was approximately RMB700.1 million (2022: approximately RMB868.2 million), and, among which, interests with an amount of approximately RMB576.7 million (2022: approximately RMB729.6 million) were capitalised.

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.23 (2022: approximately 1.25) for the FY2023. The ratio of interest-bearing bank and other borrowings to total assets was approximately 0.17 (2022: approximately 0.25). The net gearing ratio of the Group (defined as net debt divided by total equity) was approximately 0.43 (2022: approximately 0.66) (net debt is defined as total interest-bearing bank and other borrowings less cash and cash equivalent and total restricted cash) for the FY2023. The Group always adopts a prudent financial policy in its operation and business development.

Capital commitments

As at 31 December 2023, the Group had capital commitments of approximately RMB5,535.8 million (2022: approximately RMB6,936.0 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 2023, the contingent liabilities of the Group were approximately RMB9,445.9 million (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 31 December 2023, investment properties with a carrying value of approximately RMB2,993.9 million (2022: approximately RMB213.3 million), properties under development of approximately RMB10,538.4 million (2022: approximately RMB29,021.6 million), completed properties held for sale of approximately RMB1,605.6 million (2022: approximately RMB628.7 million), property and equipment of approximately RMB1,081.6 million (2022: approximately RMB1,177.6 million) and restricted cash of approximately RMB208.0 million (2022: approximately RMB4.0 million) of the Group, and no equity interest in subsidiaries of the Group (2022: RMB60.0 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 the FY2023 and the FY2022 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 the FY2023 and the FY2022.

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

There had been no event occurred that bears significant effect to the Group after 31 December 2023 and up to the date of this announcement.

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 C2 (Environmental, Social and Governance Reporting Guide) to the Listing Rules and will be published on the websites of the Company and the Stock Exchange, respectively, in due course.

Prospects

Looking ahead to 2024, with the gradual and comprehensive recovery of the national economy and steady growth, supported by a series of comprehensive measures and strong positive policies, the overall market environment of the real estate industry will continue to improve, and the industry will develop steadily and healthily. The economically strong Yangtze River Delta cities, with strong economic purchasing power and a resilient economic recovery, still maintain a leading position in the development regions of the industry. The successful hosting of the 2023 Asian Games will further drive the future economic development of the Yangtze River Delta region.

The Group is confident in the overall national economy and industry development in the coming year and maintains an optimistic view in the long run. The Group will fully utilise its brand and business advantages cultivated in the Yangtze River Delta region for a long time to actively seize market opportunities and continue to deepen regional cultivation. While maintaining a sound financial position, the Group will continue to strictly control the appropriate proportion of debt scale and flexibly broaden favorable financing channels. In 2024, in response to changes in the economic cycle, market upgrades, and iteration of consumer demands, the Group will maintain a high-quality and high-energy development posture, strengthen brand power, optimise product power, intense marketing capabilities, and enhance service capabilities. At the same time, the Group will accelerate the linkage and collaboration among various sectors, promote diversified development, comprehensively enhance the Group's overall strength, stay true to its roots and be pragmatic, stride forward with sonorous steps, firm beliefs and fearless courage, and bring in ever greater enterprise performance!

FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2023 (2022: 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 FY2023.

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 C3 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 FY2023.

CORPORATE GOVERNANCE

Throughout the FY2023, the Company had applied the principles and complied with the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Listing Rules.

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

SCOPE OF WORK OF ERNST & YOUNG

The figures above in respect of this annual results announcement for the FY2023 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 FY2023. 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 for the FY2023, 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, 6 June 2024 (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, 3 June 2024 to Thursday, 6 June 2024 (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, 31 May 2024.

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

The annual report of the Company for the FY2023 containing all the relevant information required by the Listing Rules will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zhongangrouphk.com) and despatched to the Shareholders in due course.

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

The PRC, 26 March 2024

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