中梁控股集团
ZHONGLIANG HOLDINGS GROUP

Zhongliang Holdings Group Company Limited
中 梁 控 股 集 團 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

2022 FINAL RESULTS HIGHLIGHTS

- Contracted sales (including the Group's subsidiaries, joint ventures and associates) amounted to RMB66.05 billion, decreased year-on-year by approximately 61.6%
- Total revenue amounted to RMB39.33 billion, decreased year-on-year by approximately 48.3%
- Taking into account the impairment losses on various assets, fair value losses from the valuation of investment properties and financial assets, and foreign exchange loss, net loss attributable to owners amounted to RMB1.35 billion, as compared to net profit attributable to owners amounted to RMB2.70 billion for previous year. Excluding impairment losses on various assets, fair value losses from the valuation of investment properties and foreign exchange loss, adjusted net profit attributable to owners was RMB1.20 billion.
- Total interest-bearing indebtedness reduced to RMB26.74 billion and net gearing ratio of 32.3%*

* *As at 31 December 2022*

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Zhongliang Holdings Group Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022 with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**39,329,414**	76,114,160
Cost of sales		**(35,827,719)**	(63,081,654)
GROSS PROFIT		**3,501,695**	13,032,506
Other income and gains	*3*	**362,883**	959,088
Selling and distribution expenses		**(1,642,922)**	(2,894,162)
Administrative expenses		**(1,597,314)**	(3,534,244)
Impairment losses on financial assets, net		**(475,073)**	(5,081)
Other expenses		**(927,340)**	(153,387)
Fair value (losses)/gains on investment properties		**(7,921)**	96,809
Fair value losses on financial assets at fair value through profit or loss		**(165,403)**	(372,238)
Finance income		**246,820**	371,529
Finance costs	*4*	**(397,178)**	(647,461)
Share of profits and losses of:			
Joint ventures		**518,863**	448,700
Associates		**348,130**	322,062
(LOSS)/PROFIT BEFORE TAX	*5*	**(234,760)**	7,624,121
Income tax expense	*6*	**(1,386,479)**	(2,868,033)
(LOSS)/PROFIT FOR THE YEAR		**(1,621,239)**	4,756,088

		For the year ended 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
Attributable to:			
Owners of the parent		**(1,346,384)**	2,702,567
Non-controlling interests		**(274,855)**	2,053,521
		(1,621,239)	4,756,088

(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted	*8*	**RMB(0.39)**	RMB0.75

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the year ended 31 December	
	2022	2021
	RMB'000	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	**(1,621,239)**	4,756,088
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(60,031)**	25,297
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	**(60,031)**	25,297
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(60,031)**	25,297
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(1,681,270)**	4,781,385
Attributable to:		
Owners of the parent	**(1,406,415)**	2,727,864
Non-controlling interests	**(274,855)**	2,053,521
	(1,681,270)	4,781,385

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**60,487**	86,556
Right-of-use assets		**40,713**	78,991
Investment properties		**1,543,700**	1,410,200
Other intangible assets		**5,251**	6,186
Investments in joint ventures		**4,667,553**	6,217,393
Investments in associates		**16,828,180**	17,459,401
Deferred tax assets		**2,936,545**	3,424,910
Prepayments and other receivables		**—**	75,581
Total non-current assets		**26,082,429**	28,759,218
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**34,266**	181,065
Properties under development		**112,418,842**	132,008,659
Completed properties held for sale		**24,696,306**	21,272,280
Trade receivables	*9*	**7,751**	5,239
Due from related companies		**13,344,135**	12,853,619
Prepayments and other receivables		**41,625,083**	42,057,888
Tax recoverable		**3,024,078**	2,429,555
Cash and bank balances		**16,585,989**	27,610,483
Total current assets		**211,736,450**	238,418,788

		As at 31 December	
		2022	2021
	Notes	***RMB'000***	*RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*10*	**21,019,046**	21,210,521
Other payables and accruals		**24,515,740**	26,686,065
Lease liabilities		**21,410**	39,097
Contract liabilities		**113,837,210**	120,815,799
Due to related companies		**16,653,749**	18,996,008
Interest-bearing bank and other borrowings		**11,341,143**	12,341,166
Tax payable		**2,863,201**	3,045,881
Provision for financial guarantee contracts		**236,839**	138,523
Proceeds from asset-backed securities		**—**	318,641
Senior notes		**6,501,799**	6,879,457
Total current liabilities		**196,990,137**	210,471,158
NET CURRENT ASSETS		**14,746,313**	27,947,630
TOTAL ASSETS LESS CURRENT LIABILITIES		**40,828,742**	56,706,848
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**8,892,210**	19,340,356
Lease liabilities		**24,066**	43,609
Deferred tax liabilities		**538,328**	538,191
Senior notes		**—**	1,301,830
Total non-current liabilities		**9,454,604**	21,223,986
NET ASSETS		**31,374,138**	35,482,862
EQUITY			
Equity attributable to owners of the parent			
Share capital		**31,450**	31,450
Reserves		**11,080,374**	11,933,531
		11,111,824	11,964,981
Non-controlling interests		**20,262,314**	23,517,881
TOTAL EQUITY		**31,374,138**	35,482,862

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9008, Cayman Islands.

During the year, the Group was principally involved in property development, property leasing and management consulting services.

In the opinion of the directors, the ultimate holding company of the Company is Changxing International Co., Ltd..

2.1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") (which include all standards and interpretations, International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, financial assets at fair value through profit or loss ("**FVTPL**") and other financial liabilities which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going Concern Basis

The Group recorded a net loss of RMB1,621,239,000 for the year ended 31 December 2022. As at 31 December 2022, the Group's total interest-bearing bank and other borrowings and senior notes amounted to RMB26,735,152,000, out of which RMB17,842,942,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB14,603,726,000. As at 31 December 2022, the Group had not repaid an aggregate amount of principal and interest of RMB209,736,000 for senior notes due May 2022 and July 2022 and an aggregate amount of interest of RMB343,867,000 for certain senior notes according to their scheduled repayment dates. As at 31 December 2022, an aggregate amount of principal of RMB2,700,636,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering certain long term interest-bearing bank and other borrowings amounted to RMB189,959,000 becoming repayable on demand. A winding-up petition was filed by a trustee of senior notes due May 2022 against the Company on 21 November 2022.

The above conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company have undertaken a number of plans and measures to improve the Group's liquidity and financial position, including:

(a) The Group has appointed financial and legal advisers to assist it in a holistic solution of its offshore debts, in order to reach a consensual solution with all the stakeholders as soon as practicable;

(b) The Group has appointed legal counsels in relation to the winding-up petitions;

(c) The Group has been actively negotiating with the Group's existing debt holders to seek renewal or extension for repayment of the Group's bank and other borrowings;

(d) The Group will continue to actively communicate with banks to secure relevant project development loans for qualified project development in a timely manner;

(e) The Group will continue to seek other alternative financing and borrowings to finance the settlement of its existing financial obligations and future operating and capital expenditures;

(f) The Group has prepared a business strategy plan focusing on the acceleration of the sales of properties;

(g) The Group has implemented measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(h) The Group will continue to seek suitable opportunities to dispose of its equity interests in certain project development companies in order to generate additional cash inflows.

The directors of the Company are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 31 December 2022. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2022 on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the management of the Group will be able to implement the aforementioned plans and measures. Whether the Group will be able to continue as a going concern will depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) successfully completing the holistic solution for its offshore debts;

(ii) successfully dismissing the winding-up petitions;

(iii) successfully negotiating with the Group's existing debt holders for the renewal or extension for repayment of the Group's bank and other borrowings;

(iv) successfully securing project development loans for qualified project development in a timely manner;

(v) successfully obtaining additional new sources of financing as and when needed;

(vi) successfully carrying out the Group's business strategy plan including the acceleration of the sales of properties;

(vii) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and

(viii) successfully disposing of the Group's equity interests in project development companies when suitable.

Should the Group be unable to operate as a going concern, adjustments may have to be made to write down the carrying values of assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of the revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the Conceptual Framework for Financial Reporting (the "**Conceptual Framework**") issued in June 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by IAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no sale of items produced prior to the property, plant and equipment being available for use, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 37 clarify that for the purpose of assessing whether a contract is onerous under IAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.

(d) *Annual Improvements to IFRS Standard 2018–2020* sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendment that is applicable to the Group are as follows:

IFRS 9 Financial Instruments: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. The amendment did not have significant impact on the financial position or performance of the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2022	2021
	RMB'000	*RMB'000*
Revenue from contracts with customers	**39,317,201**	76,096,440
Revenue from other sources		
Property lease income	**12,213**	17,720
	39,329,414	76,114,160

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

	2022	2021
	RMB'000	*RMB'000*
Types of goods or services		
Sale of properties	**39,169,158**	75,533,446
Other services	**148,043**	562,994
Total revenue from contracts with customers	**39,317,201**	76,096,440
Timing of revenue recognition		
Sale of properties transferred at a point in time	**37,117,968**	69,427,457
Sale of properties transferred over time	**2,051,190**	6,105,989
Services transferred over time	**148,043**	562,994
Total revenue from contracts with customers	**39,317,201**	76,096,440

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2022	2021
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**34,159,660**	63,871,686

(ii) ***Performance obligations***

Information of the Group's performance obligations is summarised below:

Sale of properties

For property sales contracts, the Group receives payments from customers based on billing schedules as established in the contracts. Payments are usually received in advance of the performance under the contracts.

Provision of services

For other service contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the service contracts do not have a fixed term. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022	2021
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue		
Within one year	**59,236,583**	68,278,594
After one year	**93,139,417**	93,663,221
	152,376,000	161,941,815

The above amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties that are to be satisfied within three years. As at 31 December 2022, the aggregate amount of transaction prices allocated to the remaining performance obligations relate to the provision of services is RMB589,685,000, which is expected to be recognised as revenue over three years. The amounts disclosed above do not include variable consideration which is constrain.

	2022	2021
	RMB'000	*RMB'000*
Other income and gains		
Gain on disposal of subsidiaries	**280,564**	407,243
Forfeiture of deposits	**35,810**	26,230
Government grants	**25,137**	38,869
Remeasurement of financial guarantee contracts	**1,867**	80,381
Foreign exchange differences, net	**—**	241,427
Gain on disposal of joint ventures and associates	**—**	147,188
Others	**19,505**	17,750
	362,883	959,088

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2022	2021
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings, senior notes and proceeds from asset-backed securities	**1,807,885**	4,115,312
Interest expense arising from revenue contracts	**1,211,746**	650,568
Interest on lease liabilities	**2,302**	7,455
Total interest expense on financial liabilities not at fair value through profit or loss	**3,021,933**	4,773,335
Less: Interest capitalised	**(2,624,755)**	(4,125,874)
	397,178	647,461

5. (LOSS)/PROFIT BEFORE TAX

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

	2022	2021
	RMB'000	*RMB'000*
Cost of properties sold	**33,519,437**	62,646,725
Cost of services provided	**53,483**	188,235
Impairment losses recognised for properties under development	**1,137,910**	731,125
Impairment losses recognised for completed properties held for sale	**540,536**	100,768
Impairment losses written off for completed properties held for sale	**(434,799)**	(109,060)
Depreciation of property, plant and equipment	**31,395**	35,005
Depreciation of right-of-use assets	**43,921**	50,502
Amortisation of other intangible assets	**9,859**	4,379
Lease payments not included in the measurement of lease liabilities	**5,964**	9,301
Auditor's remuneration	**13,000**	13,864
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**1,263,705**	1,827,031
Pension scheme contributions and social welfare	**140,109**	226,080
Equity-settled share option expenses	**(4,002)**	12,097
Foreign exchange loss/(gain), net	**651,447**	(241,427)
Impairment of financial assets included in prepayments, other receivables and other assets	**63,022**	5,081
Loss/(gain) on disposal of joint ventures and associates	**66,769**	(147,188)
Gain on disposal of items of property, plant and equipment	**954**	704

6. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits arising in Hong Kong during the reporting period.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax with a tax rate of 25% for the reporting period.

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 Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2022	2021
	RMB'000	*RMB'000*
Current tax:		
PRC corporate income tax	**489,884**	2,960,984
PRC LAT	**452,747**	455,946
Deferred tax	**443,848**	(548,897)
Total tax charge for the year	**1,386,479**	2,868,033

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

	2022	2021
	RMB'000	*RMB'000*
(Loss)/profit before tax	**(234,760)**	7,624,121
At the statutory income tax rate	**(58,690)**	1,906,030
Profits and losses attributable to joint ventures and associates	**(216,748)**	(192,691)
Expenses not deductible for tax	**48,689**	60,997
Tax losses utilised from previous years	**(88,128)**	(119,315)
Tax losses not recognised	**603,655**	611,762
Deductible temporary differences not recognised	**758,141**	259,291
Provision for LAT	**452,747**	455,946
Tax effect on LAT	**(113,187)**	(113,987)
Tax charge at the Group's effective rate	**1,386,479**	2,868,033

The share of tax attributable to joint ventures and associates amounting to RMB172,954,000 (2021: RMB149,567,000) and RMB116,043,000 (2021: RMB107,354,000), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Tax payable in the consolidated statement of financial position represents:

	2022	2021
	RMB'000	*RMB'000*
Tax payable		
PRC CIT payable	**1,723,220**	2,012,030
PRC LAT payable	**1,139,981**	1,033,851
Total tax payable	**2,863,201**	3,045,881

7. DIVIDENDS

The Board does not recommend a final dividend for the year ended 31 December 2022 (2021: nil).

8. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss (2021: earnings) per share amount is based on the loss (2021: profit) for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,492,670,410 (2021: 3,581,791,500) in issue during the year.

The calculation of the diluted (loss)/earnings per share amounts is based on the (loss)/profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares into ordinary shares. The Company's dilutive potential ordinary shares are derived from the shares granted under the share options scheme.

The calculation of the basic (loss)/earnings per share amounts is based on:

	2022	2021
	RMB'000	*RMB'000*
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(1,346,384)**	2,702,567

	Number of shares	
	2022	2021
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,492,670,410**	3,581,791,500
Effect of dilution — weighted average number of ordinary shares		
Share options	**(56,925,000)***	(16,153,114)*
	3,435,745,410*	3,565,638,386*

* Because the diluted (loss)/earnings per share amount is increased when taking share options into account, the share options had an anti-dilutive effect and were ignored in the calculation of diluted (loss)/earnings per share. Therefore, the diluted loss per share amount is based on the loss attributable to ordinary equity holders of the parent of RMB1,346,384,000 for the year, and the weighted average number of ordinary shares of 3,492,670,410 in issue during the year.

9. TRADE RECEIVABLES

	2022	2021
	RMB'000	*RMB'000*
Trade receivables	**7,751**	5,239
Impairment	**—**	—
	7,751	5,239

Trade receivables mainly represent rentals receivable from tenants. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Less than 1 year	**7,751**	5,239
Over 1 year	**—**	—
	7,751	5,239

Receivables that were not past due relate to a large number of diversified customers for whom there was no recent history of default.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rate for trade receivables is assessed to be 0.0406% (2021: 0.1%). Based on the evaluation on the expected loss rate and the gross carrying amount, the directors of the Company are of the opinion that the expected credit losses in respect of these balances are immaterial, and therefore, there has not been a loss allowance provision.

10. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2022	2021
	RMB'000	*RMB'000*
Less than 1 year	**15,416,547**	20,581,296
Over 1 year	**5,602,499**	629,225
	21,019,046	21,210,521

Trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction. As at 31 December 2022, commercial acceptance bills of approximately RMB256,957,000 issued by the Company's subsidiaries were overdue and unpaid.

The fair values of trade and bills payables as at the end of the reporting period approximated to their corresponding carrying amounts due to their relatively short maturity terms.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you the business review of the Group for the year ended 31 December 2022 and its outlook for 2023.

DIVIDEND

The Board of the Company resolved that no final dividend would be declared for the year ended 31 December 2022.

FINAL RESULTS

For the year ended 31 December 2022, the Group's recognised revenue amounted to RMB39.33 billion, representing a year-on-year decrease of 48%. Taking into account the impairment losses on various assets, fair value losses from the valuation of investment properties and foreign exchange loss, the Group recorded a loss attributable to owners of the Company of approximately RMB1.35 billion for the year ended 31 December 2022, as compared to a profit attributable to owners of the Company of approximately RMB2.70 billion for the previous year. Excluding impairment losses on various assets, fair value losses from the valuation of investment properties and foreign exchange loss, the Group recorded adjusted net profit attributable to owners of the Company was RMB1.20 billion for the year ended 31 December 2022.

REVIEW OF 2022

Market review

Looking back at 2022, the international environment was turbulent, with escalating geopolitical conflicts, interest rate hikes by the US Federal Reserve, and a spreading trend of anti-globalisation. The world economy entered into a phase of high inflation, high interest rates, and low growth. The risk of a global economic recession continuing to increase. The COVID pandemic in China has lasted for several months in 2022, which putting heavy pressure on the task of stabilising economic development. China's economic growth rate has been below expectation for three consecutive years.

The year 2022 was extraordinary. China's real estate industry faced severe challenges and the sector downturn far exceeded market expectations, causing private real estate developers to struggle under the excessive liquidity crunch. Strict COVID pandemic control measures implemented during most of the year 2022 had disrupted social and economic activities in certain cities in China, and affected consumer demand and production chains. On the other hand, the property sector in China operated under continued volatility during the year. Reduced access to financing by real estate developers, successive waves of negative credit events of private developers, and depressed homebuyers sentiment have undermined the confidence of the stakeholders in the sector. As a result, pre-sale and cashflow of private-owned Chinese property developers have decreased significantly.

After the conclusion of the 20th National Congress, China has relaxed its COVID control measures in December 2022 and economic activities and consumption rapidly resumed and recovered since then. The government has also begun to reverse its policy tone to support the real estate sector. Since the People's Bank of China and the China Banking and Insurance Regulatory Commission in late November 2022 jointly announced the "Notice on Providing Financial Support for the Stable and Healthy Development of the Real Estate Market (關於做好當前金融支持房地產市場平穩健康發展工作的通知)" which outlined 16 supportive initiatives on enhancing financial support for the real estate market, onshore financial institutions are stepping up to meet the reasonable financing needs of the real estate industry. A series of policies and measures to support the real estate industry have been introduced to support the sector under the liquidity crunch. Many cities have also relaxed restrictions on home purchases and housing loans. In order to improve development momentum, the Central Economic Work Conference held in December 2022 set out the themes for economic growth, called for policies to improve market confidence and to stabilise the real estate market. The Chinese government reiterated that "real estate is the pillar industry of the national economy" and is expected to introduce measures improving home purchase demands by reducing the down payment ratio and the mortgage rates, and boosting market confidence in the real estate industry. It is expected that these policies would take some time before their impact and benefits permeate the sector.

Operating under the current rigorous industry environment, the Group adopted decisive measures and adhered to its development strategies. During the year, the Group streamlined its organisation structure, strengthened its operational control and efficiency, lowered its operating costs, secured property delivery and financial stability, and maintained its operating solvency.

The Group achieved contracted sales (including Group's subsidiaries, joint ventures and associates) of approximately RMB66.05 billion in 2022, representing a year-on-year decrease of approximately 62% but maintained a top industry position as one of the fewer private-owned developers. The Group retained its position as one of the Top 30 amongst Chinese real estate developers in terms of contracted sales in 2022, according to data published by the China Real Estate Information Corporation. The contracted ASP of 2022 was approximately RMB10,500 per sq.m., compared to approximately RMB12,000 per sq.m. in the previous year.

Property delivery

In order to ensure smooth property delivery, the Group strengthened its construction and contractor management, and maintained tight control of the property delivery process and mitigated delivery risks. During the year 2022, the Group (including its joint ventures and associated companies) completed the delivery of around 70,000 property units.

Land-banking

Due to the continued uncertainty of the Chinese real estate sector, the Group did not make any new purchases of land sites in 2022 in order to preserve cash.

As at 31 December 2022, the Group (together with its joint ventures and associates) had a land bank with a total GFA (including sold GFA) of approximately 40.9 million sq.m., covering five core economic regions of China. Despite that we have suspended our land investment, we still have sufficient saleable resources to support our future developments in the next few years.

Liability management

As the industry has been challenged by adverse liquidity and financing situations since mid-2021, the Group has implemented decisive measures and stabilised cash flow by accelerating sales and cash collection, lowering cost and enhancing operating efficiency, reduction of land banking and preservation of cash and controlling interest-bearing debts, and achieved a stable financial status to enable prompt property delivery, stable operations and onshore financing.

The Group's total interest-bearing debts were deleveraged from approximately RMB40.2 billion as at 31 December 2021 to approximately RMB26.7 billion as at 31 December 2022 (out of which onshore interest-bearing debts amounted to approximately RMB18.5 billion whereas offshore interest-bearing debts amounted to approximately RMB8.2 billion). Due to the current market condition, the liquidity of the Group is constrained. The aggregate cash and bank balances (including restricted cash and pledged deposits) of the Group was approximately RMB16.6 billion as at 31 December 2022. Under the current strict requirement of local government policies, substantially most of the Group's cash are under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under development.

With respect to its onshore debts, the Group paid down its entire onshore capital market debts (asset-backed securities) in 2022, maintaining its onshore capital market credibility. As at the end of 2022, substantially most of the Group's onshore interest-bearing debts were loans with project pledges. The Group has been proactively working with onshore banks and lending institutions to extend the maturity at due dates of such onshore loans, and believes that the maturity risk of onshore loans would be manageable.

With respect to its offshore debts, the Group has been relying on its internal cash resources and remitting cash from onshore to meet offshore payment obligations since mid-2021. During the period from July 2021 up to the end of 2022, the Group has repaid or bought back offshore bonds or loans with an aggregate principal and interest amount of over US$1.2 billion mostly by internal funding. As at 31 December 2022, the Group's total offshore interest-bearing debts amounted to approximately RMB8.2 billion (equivalent to approximately US$1.2 billion).

On 14 November 2022, the Company announced that as the Group's funds available for offshore debt payments have been under continuous pressure and the Group would not be able to generate sufficient cash flows for fulfilling offshore debts in the near term, the Company decided to suspend payment in all interest and principal amount payables under its offshore indebtedness in order to preserve fair and equitable treatment for all offshore creditors. The Group concluded that it should immediately explore a holistic solution to the current offshore debts situation and had appointed professional advisors to assist its discussion with offshore debtholders for all possible alternatives. As at the date of this result announcement, the Company has formulated key tentative terms under the preliminary holistic solution of offshore debts. To secure the sustainable operations of the Group for the benefit of all of its stakeholders, the Company will continue its proactive and constructive dialogue with offshore creditors with a view to finalising the terms of the holistic solution as soon as practicable.

OUTLOOK FOR 2023

At the end of 2022, the Chinese government, at both central and local levels, set out new policy directions for the development of the real estate sector, reasonable housing consumptions and financial health of real estate developers. The Central Economic Work Conference also stressed that stabilising the real estate sector is a core economic issue. Looking ahead to 2023, it is expected that new measures will be introduced to improve the balance sheet of real estate developers.

Under the new normal of the industry, despite the directional changes in government real estate policies, the Group expects that the impact of economic recovery and government measures on housing demand and liquidity would take some time before their impact and benefits permeate the sector. The Group remain cautious on the industry outlook and will continue to emphasise financial stability, strengthen organisational structure and operating efficiency.

The Group's primary operating goals are to maintain operating liquidity, deleverage and stabilise debts and to ensure smooth project delivery. We are confident that the Group will be able to navigate the current industry challenges, properly resolve its offshore debt issues and reposition itself for future development.

APPRECIATION

On behalf of the Board, I would like to express our sincere appreciation to all employees for their dedication and hard work, and to our Shareholders, business and financial partners for their tremendous support in the past challenging year.

YANG Jian
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted sales

During the year ended 31 December 2022, the Group (including its joint ventures and associates) achieved contracted sales of approximately RMB66.05 billion, representing a year-on-year decrease of approximately 61.6%. Contracted sales area amounted to approximately 6,271,000 sq.m., representing a year-on-year decrease of approximately 56.1%.

During the year, contracted ASP selling price was approximately RMB10,500 per sq.m..

Table 1: Breakdown of contracted sales in 2022 (the Group's subsidiaries, joint ventures and associates)

By City

	Contracted sales *(RMB'000)*	% of total contracted sales *(%)*	Contracted GFA *(sq.m.)*	Contracted ASP *(RMB/sq.m.)*
Wenzhou	3,397,197	5.1	192,971	17,605
Hefei	3,080,463	4.7	222,223	13,862
Shaoxing	2,865,050	4.3	122,005	23,483
Suzhou	2,534,871	3.8	198,466	12,772
Jinhua	2,356,348	3.6	98,599	23,898
Changzhou	2,267,171	3.4	125,174	18,112
Yancheng	1,716,937	2.6	139,252	12,330
Xuzhou	1,639,544	2.5	112,287	14,601
Wuxi	1,591,543	2.4	103,586	15,364
Ningbo	1,367,406	2.1	101,413	13,484
Bengbu	1,040,427	1.6	138,588	7,507
Wuhu	945,620	1.4	64,902	14,570
Anqing	920,170	1.4	123,658	7,441
Fuyang	777,363	1.2	112,407	6,916
Taizhou	682,358	1.0	45,990	14,837
Others	3,701,290	5.6	352,881	10,489
Yangtze River Delta	30,883,758	46.7	2,254,402	13,699

	Contracted sales *(RMB'000)*	% of total contracted sales *(%)*	Contracted GFA *(sq.m.)*	Contracted ASP *(RMB/sq.m.)*
Luoyang	2,283,323	3.5	263,375	8,669
Chongqing	1,827,733	2.8	214,018	8,540
Chengdu	1,225,326	1.9	74,893	16,361
Yuxi	859,882	1.3	111,155	7,736
Nanyang	665,368	1.0	95,208	6,989
Others	10,106,346	15.3	1,500,133	6,737
Midwest China	16,967,978	25.8	2,258,782	7,512
Cangzhou	2,203,742	3.3	267,348	8,243
Qingdao	1,680,757	2.5	84,978	19,779
Tianjin	1,453,413	2.2	94,733	15,342
Weihai	961,507	1.5	108,721	8,844
Taian	717,569	1.1	73,676	9,740
Others	3,815,497	5.8	438,434	8,703
Pan-Bohai Rim	10,832,485	16.4	1,067,890	10,144
Zhangzhou	1,117,284	1.7	85,677	13,041
Shangrao	860,259	1.3	82,181	10,468
Putian	674,717	1.0	63,287	10,661
Others	2,859,498	4.3	277,744	10,295
Western Taiwan Straits	5,511,758	8.3	508,889	10,831
Pearl River Delta	1,855,015	2.8	181,255	10,234
Total	66,050,994	100.0	6,271,218	10,532

By region

	Contracted sales *(RMB'000)*	% of total contracted sales *(%)*	Contracted GFA *(sq.m.)*	Contracted ASP *(RMB/sq.m.)*
Yangtze River Delta	30,883,758	46.8	2,254,402	13,699
Midwest China	16,967,978	25.7	2,258,782	7,512
Pan-Bohai Rim	10,832,485	16.4	1,067,890	10,144
Western Taiwan Straits	5,511,758	8.3	508,889	10,831
Pearl River Delta	1,855,015	2.8	181,255	10,234
Total	66,050,994	100.0	6,271,218	10,532

By city tier

	Contracted sales *(RMB'000)*	% of total contracted sales *(%)*	Contracted GFA *(sq.m.)*	Contracted ASP *(RMB/sq.m.)*
Second-tier cities[1]	23,099,270	35.0	1,715,088	13,468
Third-tier cities[2]	34,532,336	52.3	3,350,942	10,305
Fourth-tier cities[3]	8,419,388	12.7	1,205,188	6,986
Total	66,050,994	100.0	6,271,218	10,532

Notes:

(1) Second-tiers cities include Wenzhou, Hefei, Suzhou, Wuxi, Ningbo, Nanjing, Hangzhou, Chongqing, Chengdu, Changsha, Xi'an, Guiyang, Nanning, Wuhan, Zhengzhou, Kunming, Taiyuan, Qingdao, Tianjin, Jinan, Dalian, Shenyang, Fuzhou, Nanchang, Xiamen and Dongguan.

(2) Third-tiers cities include Shaoxing, Jinhua, Changzhou, Yancheng, Xuzhou, Wuhu, Anqing, Taizhou, Taizhou, Xuancheng, Nantong, Luan, Lishui, Quzhou, Suqian, Jiaxing, Bozhou, Tongling, Yangzhou, Huzhou, Lianyungang, Huaian, Huangshan, Luoyang, Yuxi, Nanyang, Chifeng, Chenzhou, Xinyang, Suining, Yinchuan, Xiangyang, Xining, Yiyang, Yulin, Chuxiong, Changde, Mianyang, Xuchang, Zhuzhou, Zunyi, Hohhot, Shangqiu, Yichang, Meishan, Liuzhou, Dazhou, Loudi, Qinzhou, Huanggang, Yueyang, Cangzhou, Weihai, Taian, Weifang, Yantai, Dezhou, Handan, Zaozhuang, Linyi, Binzhou, Zibo, Tangshan, Jining, Liaocheng, Zhangzhou, Putian, Ningde, Ganzhou, Quanzhou, Sanming, Nanping, Fuzhou, Zhongshan, Shantou, Jiangmen, Foshan, Maoming, Zhaoqing and Shaoguan.

(3) Fourth-tiers cities include Bengbu, Fuyang, Maanshan, Chizhou, Huaibei, Guigang, Jingzhou, Huangshi, Ankang, Xinxiang, Ezhou, Xiaogan, Luohe, Mengzi, Zigong, Yan'an, Zhaotong, Dali, Enshi, Beihai, Baoshan, Shaoyang, Yongzhou, Tongchuan, Pingliang, Tianshui, Suizhou, Jiaozuo, Pu'er, Puyang, Linfen, Jiyuan, Bijie, Pingdingshan, Hengshui, Shangrao, Jiujiang, Pingxiang, Ji'an, Jingdezhen, Chaozhou, Qingyuan and Heyuan.

Completed properties held for sale

Completed properties held for sale represents completed GFA remaining unrecognised at the end of each reporting period and are stated at the lower of cost and net realisable value. Cost of the completed properties held for sale refers to the related costs incurred attributable to the unsold properties. All completed properties held for sale are located in the PRC.

As at 31 December 2022, the Group's completed properties held for sale was approximately RMB24,696.3 million, versus approximately RMB21,272.3 million as at 31 December 2021.

Projects under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost, which comprises land costs, construction costs, capitalised interests and other costs directly attributable to such properties incurred during the development period, and net realisable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2022, the Group's properties under development was approximately RMB112,418.8 million, versus approximately RMB132,008.7 million as at 31 December 2021.

Land bank

During the year ended 31 December 2022, there was no new land parcel acquired by the Group.

As at 31 December 2022, the Group's total land bank (including its subsidiaries, joint ventures and associates) was approximately 40.9 million sq.m., among which approximately 4.7 million sq.m. were completed properties available for sale/leasable and approximately 36.2 million sq.m. were under development or for future development.

Table 2: Breakdown of the Group's total land bank (including its subsidiaries, joint ventures and associates) as at 31 December 2022

By provinces and municipalities

	Number of projects	Completed GFA available for sale/ leasable[(1)] *(sq.m.)*	Total GFA under development and held for future development *(sq.m.)*	Total land bank[(2)] *(sq.m.)*	% of total land bank *(%)*
Jiangsu	53	718,301	5,212,715	5,931,016	14.5
Anhui	36	900,583	4,411,564	5,312,147	13.0
Zhejiang	39	407,356	3,159,119	3,566,475	8.7
Yangtze River Delta	**128**	**2,026,240**	**12,783,398**	**14,809,638**	**36.2**
Henan	23	149,813	2,982,023	3,131,836	7.7
Hunan	21	374,275	1,780,037	2,154,312	5.3
Chongqing	15	290,588	1,810,555	2,101,143	5.1
Hubei	15	332,650	1,719,747	2,052,397	5.0
Yunnan	12	396,225	1,356,051	1,752,276	4.3
Sichuan	12	19,826	904,177	924,003	2.3
Shaanxi	10	60,288	778,870	839,158	2.0
Guangxi	9	198,776	548,193	746,969	1.8
Qinghai	1	—	454,374	454,374	1.1
Inner Mongolia	5	7,451	443,508	450,959	1.1
Ningxia	2	—	430,296	430,296	1.1
Shanxi	2	—	301,433	301,433	0.7
Guizhou	2	66,396	147,088	213,484	0.5
Gansu	2	29,651	—	29,651	0.1
Midwest China	**131**	**1,925,939**	**13,656,352**	**15,582,291**	**38.1**
Shandong	37	96,638	3,956,584	4,053,222	9.9
Hebei	8	29,827	1,024,437	1,054,264	2.6
Tianjin	5	—	693,219	693,219	1.7
Liaoning	3	5,960	314,771	320,731	0.8
Jilin	1	—	98,241	98,241	0.2
Pan-Bohai Rim	**54**	**132,425**	**6,087,252**	**6,219,677**	**15.2**
Jiangxi	23	198,694	1,459,063	1,657,757	4.0
Fujian	8	—	1,198,745	1,198,745	2.9
Western Taiwan Straits	**31**	**198,694**	**2,657,808**	**2,856,502**	**6.9**
Guangdong	15	395,932	1,070,704	1,466,636	3.6
Pearl River Delta	**15**	**395,932**	**1,070,704**	**1,466,636**	**3.6**
Total	**359**	**4,679,230**	**36,255,514**	**40,934,744**	**100.0**

By City tiers

	Number of projects	Completed GFA available for sale/ leasable[1] *(sq.m.)*	Total GFA under development and held for future development *(sq.m.)*	Total land bank[2] *(sq.m.)*	% of total land bank *(%)*
Second-tier cities	116	1,393,463	11,689,842	13,083,305	32.0
Third-tier cities	183	2,269,586	17,953,508	20,223,094	49.4
Forth-tier cities	60	1,016,181	6,612,163	7,628,344	18.6
Total	**359**	**4,679,230**	**36,255,513**	**40,934,743**	**100.0**

By Region

	Number of projects	Completed GFA available for sale/ leasable[1] *(sq.m.)*	Total GFA under development and held for future development *(sq.m.)*	Total land bank[2] *(sq.m.)*	% of total land bank *(%)*
Yangtze River Delta	128	2,026,240	12,783,398	14,809,638	36.2
Midwest China	131	1,925,939	13,656,352	15,582,291	38.1
Pan-Bohai Rim	54	132,425	6,087,252	6,219,677	15.2
Western Taiwan Straits	31	198,694	2,657,808	2,856,502	6.9
Pearl River Delta	15	395,932	1,070,704	1,466,636	3.6
Total	**359**	**4,679,230**	**36,255,514**	**40,934,744**	**100.0**

Notes:

(1) Includes saleable GFA remaining unsold, leasable GFA and completed GFA that have been pre-sold but yet delivered.

(2) Total land bank equals to the sum of (i) total completed GFA available for sale/leasable GFA and (ii) total GFA under development and held for future development, without adjusting the equity interest held by the Group in respect of the projects held by the Group's joint ventures or associates.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2022, the Group derived its revenue from three business lines, namely (i) sales of properties; (ii) other services; and (iii) rental income from property lease. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	For the year ended 31 December		
	2022	2021	Change in percentage
	RMB'000	*RMB'000*	%
Revenue			
Sales of properties	**39,169,158**	75,533,446	–48.1%
Other services	**148,043**	562,994	–73.7%
Rental income	**12,213**	17,720	–31.1%
Total	**39,329,414**	76,114,160	–48.3%

Revenue recognised from sales of properties

The Group recorded revenue from the sales of properties amounted to approximately RMB39,169.2 million for the year ended 31 December 2022, a year-on-year decrease of approximately 48.1%, and recognised a year-on-year decrease in the total recognised GFA by approximately 50.7% to 4,498,156 sq.m. for the year ended 31 December 2022. Recognised ASP was approximately RMB8,708 per sq.m. in the year ended 31 December 2022 versus approximately RMB8,283 per sq.m. in the previous year.

Table 3: Breakdown of recognised revenue from sales of properties in 2022

	For the year ended 31 December 2022			
	Revenue	% to total revenue	Recognised GFA	Recognised ASP
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Yangtze River Delta	**17,721,505**	**45.2**	**1,795,557**	**9,870**
Midwest China	**13,801,999**	**35.2**	**1,782,110**	**7,745**
Pan-Bohai Rim	**4,230,205**	**10.8**	**472,590**	**8,951**
Western Taiwan Straits	**2,374,521**	**6.1**	**281,892**	**8,424**
Pearl River Delta	**1,040,928**	**2.7**	**166,007**	**6,270**
Total	**39,169,158**	**100.0**	**4,498,156**	**8,708**

	For the year ended 31 December 2021			
	Revenue	% to total revenue	Recognised GFA	Recognised ASP
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Yangtze River Delta	36,428,068	48.2	3,405,029	10,698
Midwest China	28,821,027	38.2	4,376,653	6,585
Pan-Bohai Rim	5,243,918	6.9	740,262	7,084
Western Taiwan Straits	3,689,967	4.9	434,084	8,501
Pearl River Delta	1,350,466	1.8	163,362	8,267
Total	75,533,446	100.0	9,119,390	8,283

Cost of sales

The Group's cost of sales decreased by approximately 43.2% from approximately RMB63,081.7 million for the year ended 31 December 2021 to approximately RMB35,827.7 million for the year ended 31 December 2022. Net impairment losses recognised for properties under development and completed properties held for sale of approximately RMB1,243.6 million were included in cost of sales for the year ended 31 December 2022, as compared to approximately RMB722.8 million for the previous year.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by approximately 73.1% from approximately RMB13,032.5 million for the year ended 31 December 2021 to approximately RMB3,501.7 million for the year ended 31 December 2022.

The Group's gross profit margin decreased from 17.1% for the year ended 31 December 2021 to 8.9% for the year ended 31 December 2022, mainly because of lower ASP relative to the respective land acquisition costs in respect of property projects delivered and impairment on property projects during the year.

Other income and gains

The Group's other income and gains primarily include (i) gain on disposal of subsidiaries, joint ventures and associates; (ii) net foreign exchange difference; (iii) government grants; (iv) forfeiture of deposits; (v) changes in provision for financial guarantee contracts; and (vi) others, which mainly include sundry income. The Group's other income and gains decreased by approximately 62.2% from approximately RMB959.1 million for the year ended 31 December 2021 to approximately RMB362.9 million for the year ended 31 December 2022, primarily due to the decrease in gains on disposal of subsidiaries and absence of gains in both foreign exchange and disposals of joint venture and associates in year 2022.

Selling and distribution expenses

The Group's selling and distribution expenses decreased year-on-year by approximately 43.2% to approximately RMB1,642.9 million for the year ended 31 December 2022, primarily due to the slow-down in marketing activities and less promotional expenses budget due to the impact of a weakened real estate market.

Administrative expenses

The Group's administrative expenses decreased year-on-year by approximately 54.8% to approximately RMB1,597.3 million for the year ended 31 December 2022. The decrease was generally due to the decrease in staff cost during the year. The Group continued streamlining the organisational structure and further strengthened cost control measures.

Other expenses and other net losses

The Group incurred other expenses of approximately RMB927.3 million for the year ended 31 December 2022, as compared to approximately RMB153.4 million for the year ended 31 December 2021. The increase in other expenses were mainly due to the recognition of the foreign exchange losses.

The Group recorded an aggregate of other net losses of approximately RMB648.4 million including fair value losses/(gains) on investment properties and net fair value/impairment losses on financial assets for the year ended 31 December 2022, as compared to an aggregate of other net losses of approximately RMB280.5 million for the previous year. Due to the severe challenges and sector downturn in China's real estate industry, the fair value/impairment losses and the expected credit losses on financial assets in the related industry increased in 2022.

Finance income

The Group's finance income, which mainly represents bank interest income, decreased year-on-year by approximately 33.6% to approximately RMB246.8 million for the year ended 31 December 2022.

Finance costs

The Group's finance costs decreased year-on-year by approximately 38.7% to approximately RMB397.2 million for the year ended 31 December 2022.

The Group's total finance costs expensed and capitalised for the year ended 31 December 2022 was approximately RMB3,021.9 million, representing an year-on-year decrease of approximately 36.7%, was due to the decrease in bank and other borrowings, asset-backed securities and senior notes.

Share of profits of joint ventures and associates

The Group recorded share of profits of joint ventures of approximately RMB518.9 million for the year ended 31 December 2022, versus share of profits of joint ventures of approximately RMB448.7 million for the year ended 31 December 2021.

The Group recorded share of profits of associates of approximately RMB348.1 million for the year ended 31 December 2022, versus share of profits of associates of approximately RMB322.1 million for the year ended 31 December 2021.

On an aggregated basis, the Group's share of profits of joint ventures and associates amounted to approximately RMB867.0 million for the year ended 31 December 2022, representing a year-on-year increase of approximately 12.5%. The increase was primarily due to the increase in delivery of property projects held by the Group's joint ventures and associates during the year ended 31 December 2022.

(Loss)/Profit before tax

As a result of the aforementioned changes of the Group's financials, the Group recorded a loss before tax of approximately RMB234.8 million for the year ended 31 December 2022, when compared to a profit before tax of approximately RMB7,624.1 million for the year ended 31 December 2021.

Income tax expense

The Group's income tax expense comprises provisions made for corporate income tax and land appreciation tax in the PRC less deferred tax during the year. The Group's income tax expense decreased by approximately 51.7% from approximately RMB2,868.0 million for the year ended 31 December 2021 to approximately RMB1,386.5 million for the year ended 31 December 2022.

(Loss)/Profit for the year

As a result of the aforementioned changes of the Group's financials, the Group recorded a net loss (before deducting non-controlling interests) of approximately RMB1,621.2 million for the year ended 31 December 2022, when compared to a net profit of approximately RMB4,756.1 million for the year ended 31 December 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group primarily meets its operating capital, capital expenditure and other capital needs with cash generated from operations including proceeds from sale and pre-sale of properties, proceeds from bank and other borrowings, capital contribution from non-controlling shareholders and other financings.

Net current assets

As at 31 December 2022, the Group's net current assets amounted to approximately RMB14,746.3 million (31 December 2021: approximately RMB27,947.6 million). Specifically, the Group's total current assets decreased by approximately 11.2% from approximately RMB238,418.8 million as at 31 December 2021 to approximately RMB211,736.4 million as at 31 December 2022. The Group's total current liabilities decreased by approximately 6.4% from approximately RMB210,471.2 million as at 31 December 2021 to approximately RMB196,990.1 million as at 31 December 2022. The decrease in the Group's total current assets was primarily attributable to (i) the decrease in properties under development; and (ii) the decrease in cash and bank balances as at 31 December 2022.

Cash position

The Group's cash and bank balances (including restricted cash and pledged deposits) amounted to approximately RMB16,586.0 million in total as at 31 December 2022 (2021: approximately RMB27,610.5 million), representing a decrease of approximately 39.9% as compared with the end of 2021. Under the current strict requirement of local government policies, substantially most of the Group's cash were under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under development.

Indebtedness

As at 31 December 2022, the Group had total outstanding indebtedness of approximately RMB26,735.2 million (31 December 2021: approximately RMB40,181.4 million), comprising bank and other borrowings of approximately RMB20,233.4 million (31 December 2021: approximately RMB31,681.5 million), senior notes of approximately RMB6,501.8 million (31 December 2021: approximately RMB8,181.3 million) and asset-backed securities of nil (31 December 2021: approximately RMB318.6 million). As at 31 December 2022, the net gearing ratio was approximately 32.3% (31 December 2021: approximately 35.4%).

Table 4: Breakdown of the Group's total indebtedness

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Current		
Bank loans		
— secured	**78,000**	801,660
— unsecured	**—**	74,800
Other loans		
— secured	**772,553**	1,313,769
— unsecured	**2,582,695**	4,229,644
Current portion of long-term bank loans		
— secured	**3,814,148**	4,007,963
Current portion of long-term other loans		
— secured	**1,876,407**	855,820
— unsecured	**2,217,340**	1,057,510
Senior notes	**6,501,799**	6,879,457
Asset-backed securities	**—**	318,641
Total current indebtedness	**17,842,942**	19,539,264
Non-current		
Bank loans		
— secured	**6,070,740**	12,698,700
Other loans		
— secured	**2,149,200**	5,058,860
— unsecured	**672,270**	1,582,796
Senior notes	**—**	1,301,830
Total non-current indebtedness	**8,892,210**	20,642,186
Total indebtedness	**26,735,152**	40,181,450
Secured	**14,761,048**	25,055,413
Unsecured	**11,974,104**	15,126,037
Total indebtedness	**26,735,152**	40,181,450

By fixed or variable interest rates

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Fixed interest rate	**23,055,236**	34,498,405
Floating interest rate	**3,679,916**	5,683,045
Total Indebtedness	**26,735,152**	40,181,450

By currency denomination

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Denominated in RMB	**18,481,756**	31,043,808
Denominated in US$	**8,253,396**	9,137,642
Total Indebtedness	**26,735,152**	40,181,450

By maturity profiles

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Bank loans repayable:		
— Within one year or on demand	**3,892,148**	4,884,423
— In the second year	**5,158,740**	6,452,777
— In the third to fifth year, inclusive	**912,000**	6,245,923
	9,962,888	17,583,123
Other borrowings repayable:		
— Within one year or on demand	**7,448,995**	7,456,743
— In the second year	**1,912,016**	6,333,356
— In the third to fifth year, inclusive	**909,454**	308,300
	10,270,465	14,098,399

	As at 31 December	
	2022	2021
	RMB'000	*RMB'000*
Senior notes repayable:		
— Within one year	**6,501,799**	6,879,457
— In the second year	**—**	1,301,830
	6,501,799	8,181,287
Asset-backed securities repayable:		
— Within one year	**—**	318,641
	—	318,641
Total	**26,735,152**	40,181,450

Pledge of assets

As at 31 December 2022, the Group's borrowings were secured by the Group's assets of approximately RMB56,787.9 million (31 December 2021: approximately RMB68,248.3 million) which includes (i) investment properties; and (ii) properties under development.

Financial risks

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management and did not use any derivatives or other instruments for hedging purposes during the year.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings. The Group has not used derivative financial instruments to hedge any interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

Foreign currency risk

The Group has transactional currency exposures arising from transactions by the group entities in currencies other than their respective functional currencies. In addition, the Group has foreign currency exposures from its cash and cash equivalents and senior notes.

As at 31 December 2022, the Group had (i) cash and bank balances denominated in United States dollars and Hong Kong dollars of approximately RMB1.8 million and RMB3.6 million, respectively, (ii) bank and other borrowings denominated in United States dollars of approximately RMB1,751.6 million, and (iii) senior notes denominated in United States dollars of approximately RMB6,501.8 million, all of which are subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the head of credit control of the Group.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings, senior notes and asset-backed securities. Cash flows are closely monitored on an ongoing basis.

CONTINGENT LIABILITIES

Mortgage guarantees

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks. Under such arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The total outstanding mortgage guarantee amounts provided by the Group to banks amounted to RMB32,608.4 million as at 31 December 2022 (31 December 2021: RMB61,946.8 million).

The Group did not incur any material losses during the year in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Financial guarantees

As at 31 December 2022, the Group guaranteed certain of the bank and other borrowings made to its joint ventures, associates and third parties up to RMB7,152.1 million (31 December 2021: RMB16,146.9 million).

Legal contingents

The Group may be involved in lawsuits and other proceedings in its ordinary course of business from time to time. The Group believes that no liabilities resulting from these proceedings will have a material and adverse effect on its business, financial condition or operating results.

COMMITMENTS

As at 31 December 2022, the Group's property development expenditures, acquisition of land use rights and capital contributions payable to joint ventures and associates that had contracted but yet provided for were RMB27,156.2 million (31 December 2021: RMB42,001.6 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2022, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Group for other material investments or additions of capital assets during the year ended 31 December 2022.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2022, the Group employed a total of 4,419 full-time employees (31 December 2021: 10,317). For the year ended 31 December 2022, the staff cost recognised as expenses of the Group amounted to RMB1,399.8 million (31 December 2021: RMB2,065.2 million). The Group offers its employees market-level remuneration packages that include basic salaries, discretionary bonuses, performance-based payments, share options and share awards so as to attract and retain quality staff.

CORPORATE GOVERNANCE

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability.

The Company has adopted and applied the Corporate Governance Code as its own code on corporate governance and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code for the year ended 31 December 2022. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for the Directors' dealings in the securities of the Company. Upon specific enquiries of all the Directors, each of them has confirmed that he had complied with all applicable code provisions under the Model Code for the year ended 31 December 2022.

AUDIT COMMITTEE

The Company has established the audit committee with written terms of reference in compliance with Rule 3.21 has of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. As at the date of this announcement, the audit committee comprises of three members, namely Mr. AU YEUNG Po Fung, Mr. WANG Kaiguo and Mr. WU Xiaobo. The chairman of the audit committee is Mr. AU YEUNG Po Fung, who possesses appropriate professional qualifications.

The audit committee has reviewed and discussed the annual results for the year ended 31 December 2022.

SCOPE OF AUDITOR'S WORK ON ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2022.

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.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is the extract of the independent auditor's report from the external auditor of the Company:

"Disclaimer of opinion

We do not express an opinion on the consolidated financial statements of the Group. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the *Basis for Disclaimer of Opinion* section of our report, it is not possible for us to form an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for disclaimer of opinion

Material uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB1,621,239,000 for the year ended 31 December 2022. As at 31 December 2022, the Group's total interest-bearing bank and other borrowings and senior notes amounted to RMB26,735,152,000, out of which RMB17,842,942,000 will be due for repayment within the next twelve months, while its cash and cash equivalents amounted to RMB14,603,726,000. As at 31 December 2022, the Group had not repaid an aggregate amount of principal and interest of RMB209,736,000 for senior notes due May 2022 and July 2022 and an aggregate amount of interest of RMB343,867,000 for certain senior notes according to their scheduled repayment dates. As at 31 December 2022, an aggregate amount of principal of RMB2,700,636,000 for interest-bearing bank and other borrowings had not been repaid according to their scheduled repayment dates, triggering certain long term interest-bearing bank and other borrowings amounted to RMB189,959,000 becoming repayable on demand. A winding-up petition was filed by a trustee of senior notes due May 2022 against the Company on 21 November 2022. These conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group's liquidity and financial position, which are set out in note 2.1 to the consolidated financial statements. The validity of the going concern assumption on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including whether the Company can (i) successfully complete the holistic solution of its offshore debts; (ii) successfully dismiss the winding-up petition; (iii) successfully negotiate with the Group's existing debt holders for the renewal or extension for repayment of the Group's bank and other borrowings; (iv) successfully secure project development loans for qualified project development in a timely manner; (v) successfully obtain additional new sources of financing as and when needed; (vi) successfully carry out the Group's business strategy plan including the acceleration of the sales of properties; (vii) successfully implement measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses; and (viii) successfully dispose of the Group's equity interests in project development companies when suitable.

As a result of these multiple uncertainties, their potential interaction, and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate. Should the Group fail to achieve the above-mentioned measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements."

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

January 2022 Notes

As at 31 December 2021, an aggregate principal amount of US$181,190,000 of the 7.5% senior notes due January 2022 (the "**January 2022 Notes**") (Stock code: 40567) remained outstanding.

During the year ended 31 December 2022, the Group repurchased the January 2022 Notes with an aggregate principal amount of US$61,496,000. An aggregate principal amount of US$65,396,000 of the January 2022 Notes were cancelled and US$115,794,000 remained outstanding after the cancellation. On 31 January 2022, the Company fully redeemed the outstanding January 2022 Notes at the redemption amount of US$115,794,000 plus accrued and unpaid interest.

May 2022 Notes, July 2022 Notes, April 2023 notes and December 2023 notes

As at 31 December 2021, an aggregate principal amount of US$300,000,000 and US$450,000,000 of the 8.5% green senior notes due May 2022 (the "**May 2022 Notes**") (Stock code: 40680) and of the 9.5% senior notes due July 2022 (the "**July 2022 Notes**") (stock code: 40439) remained outstanding respectively.

On 17 May 2022, an aggregate principal amount of US$10,200,000 and US$10,500,000 of the repurchased May 2022 Notes and the July 2022 Notes were cancelled respectively.

On 18 May 2022 and 16 June 2022, the Company completed the offer to exchange ("**Exchange Offers**") relating to the May 2022 Notes and the July 2022 Notes. Upon completion of the Exchange Offers, a total of US$271,147,000 May 2022 Notes and US$426,926,000 July 2022 Notes were validly tendered for exchange and accepted by the Company. The aforesaid May 2022 Notes and July 2022 Notes were cancelled. In exchange of the validly tendered and accepted May 2022 Notes and July 2022 Notes, the Company issued US$224,224,517 in aggregate principal amount of the 8.75% senior notes due April 2023 and US$473,848,483 in aggregate principal amount of the 9.75% senior notes due December 2023 pursuant to the Exchange Offers.

As at 31 December 2022, the outstanding aggregate principal amount of the May 2022 Notes and the July 2022 Notes were US$18,653,000 and US$12,574,000 respectively. Pursuant to the terms of the May 2022 Notes and the July 2022 Notes, all outstanding principal amount of the May 2022 Notes and the July 2022 Notes together with the accrued and unpaid interest thereon were due and payable on the maturity date of 19 May 2022 and 29 July 2022 respectively. Failure to pay such principal after maturity has constituted an event of default under the May 2022 Notes and the July 2022 Notes.

For details, please refer to the announcements of the Company dated 18 May 2022, 16 June 2022 and 29 July 2022.

August 2022 Notes

On 6 August 2021, the Company issued the 11.0% senior notes due August 2022 in an aggregate principal amount of US$150 million (the "**August 2022 Notes**"), which were listed on Singapore Stock Exchange Limited ("**SGX-ST**"). On 26 April 2022, the Company entered into agreements with the holders of the August 2022 Notes, pursuant to which the August 2022 Notes was fully refinanced by the Company by applying a new refinancing loan facility which was provided to the Company by the holders of the August 2022 Notes in accordance with the terms and conditions contained therein. On 20 May 2022, all outstanding principal amount of the August 2022 Notes, amounting US$150 million, had been effectively cancelled and exchanged into the aforesaid new refinancing loan facility provided by the holders of the August 2022 Notes. No cash settlement was involved for such cancellation of the August 2022 Notes. The August 2022 Notes had been fully cancelled and delisted from the SGX-ST.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold, or redeemed any of the Company's listed securities during the year ended 31 December 2022.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2023 AGM will be held on Thursday, 1 June 2023. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the 2023 AGM, the register of members of the Company will be closed from Monday, 29 May 2023 to Thursday, 1 June 2023, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 25 May 2023.

THE BOARD OF DIRECTORS

As at the date of this announcement, the Board consisted of seven Directors. The executive Directors are Mr. YANG Jian, Mr. CHEN Hongliang, Mr. HE Jian and Mr. YAU Sze Ka (Albert); and the independent non-executive Directors are Mr. WANG Kaiguo, Mr. WU Xiaobo and Mr. AU YEUNG Po Fung.

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.zldcgroup.com. The Company's 2022 annual report will be despatched to Shareholders and published on the aforementioned websites in due course.

FORWARD LOOKING STATEMENTS

This announcement includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believe", "estimate", "anticipate", "expect", "intend", "may", "will" or "should" or, in each case, their negative, or other variations or similar terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this announcement and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects and growth strategies, and the industry in which the Group operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if our results of operations, financial condition and liquidity, and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in subsequent periods.

By Order of the Board
Zhongliang Holdings Group Company Limited
Yang Jian
Chairman

Hong Kong, 30 March 2023

GLOSSARY AND DEFINITION

"AGM"	annual general meeting of the Company
"ASP"	average selling price
"Board"	The board of Directors
"China" or "PRC"	the People's Republic of China
"Contracted sales"	the total contractual value of properties that are contracted for pre-sale and sale in a given period, which is not equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognised in any future period. Contracted sales data is unaudited, provided for investors' for reference only and may be subject to various uncertainties during the process of collating such sales information
"Corporate Governance Code"	the corporate governance code contained in Appendix 14 to the Listing Rules, as amended from time to time
"Directors"	director(s) of the Company
"ESG"	Environmental, Social and Governance
"GFA"	gross floor area
"Gross profit margin"	gross profit for the year divided by revenue for the year and multiplied by 100%
"Group"	the Company and its subsidiaries
"LAT"	PRC land appreciation tax
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
"Net gearing ratio"	the total indebtedness less cash and bank balances divided by the total equity at the end of the year multiplied by 100%
"Share(s)"	ordinary share(s) in the capital of the Company with the nominal value of HK$0.01 each
"Shareholder(s)"	holder(s) of the Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Total indebtedness"	total interest-bearing bank and other borrowings, senior notes and asset-backed securities
"Weighted average cost of indebtedness"	the weighted average of interest costs of all indebtedness outstanding as at the end of each year
"Zhongliang" or "Company"	Zhongliang Holdings Group Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on th main board of the Stock Exchange (Stock code: 2772)

The site area information for an entire project is based on the relevant land use rights certificates, land grant contracts or tender documents, depending on which documents are available. If more than one document is available, such information is based on the most recent document available.

The figures for GFA are based on figures provided in or estimates based on the relevant governmental documents, such as the property ownership certificate, the construction work planning permit, the pre-sale permit, the construction land planning permit or the land use rights certificate.