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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 2021

SUMMARY

- The contracted sales amount of the Group in 2021 was approximately RMB27,925.1 million, representing an increase of approximately 27.3% as compared to that of 2020
- The recognised revenue of the Group in 2021 was approximately RMB4,968.7 million, representing a decrease of approximately 33.2% as compared to that of 2020, the decrease was mainly due to the fact that a considerable part of the properties pre-sold by the Group in recent years are not due to be delivered, resulting in a decrease in the total GFA of the properties delivered in 2021 compared with that of 2020, and a corresponding decrease in the amount that can be included in the recognized revenue of the current year
- As of the end of 2021, the total cash balance of the Group was approximately RMB7,895.7 million, an increase of approximately 33.6% from the balance as of the end of 2020

- As of the end of 2021, the Group's total gearing ratio and net gearing ratio were approximately 79.2% and 76.3% respectively, which had been maintained at a reasonable level
- 12 plots of land were acquired in 2021 with a total GFA of 1.93 million sq.m. and an average floor price of approximately RMB5,738 per sq.m., which were located in China's relatively active and developed cities
- The awards and accolades issued by the PRC government and recognised authorities to the Group during the year include 2021 Top 100 China Real Estate Developers, 2021 Top 10 Hong Kong Listed Domestic Property Companies with Financial Stability, 2021 Top 10 Hong Kong Listed Domestic Property Companies with Investment Value, 2021 Top 50 Real Estate Enterprises in the Yangtze River Delta Region, 2021 Top 100 China Real Estate Enterprise Brand Value and Top 100 Property Enterprises in 2021 etc.

The board of directors (the “**Board**” or the “**Directors**”) of Zhong An Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2021 (the “**year**” or the “**year under review**”), together with the comparative figures for the corresponding year ended 31 December 2020 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2021

	<i>Notes</i>	2021 RMB'000	2020 <i>RMB'000</i>
Revenue	<i>4</i>	4,968,682	7,438,948
Cost of sales		<u>(3,492,546)</u>	<u>(5,194,014)</u>
Gross profit		1,476,136	2,244,934
Other income and gains, net	<i>4</i>	310,119	162,617
Selling and distribution expenses		(431,929)	(322,479)
Administrative expenses		(764,509)	(525,092)
Other expenses		(210,720)	(107,919)
Finance costs	<i>6</i>	(225,076)	(250,089)
Fair value gain upon transfer to investment properties		–	356,806
Changes in fair value of investment properties		(60,311)	23,030
Share of profits or losses of:			
Joint ventures		(22,353)	108,824
Associates		154,654	<u>(12,695)</u>
Profit before tax	<i>5</i>	226,011	1,677,937
Income tax expense	<i>7</i>	<u>(187,485)</u>	<u>(566,692)</u>
Profit for the year		<u>38,526</u>	<u>1,111,245</u>

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Attributable to:			
Owners of the parent		73,132	827,874
Non-controlling interests		<u>(34,606)</u>	<u>283,371</u>
		<u>38,526</u>	<u>1,111,245</u>
Earnings per share attributable to			
ordinary equity holders of the parent			
Basic	<i>8</i>	<u>RMB1.3 cents</u>	<u>RMB14.6 cents</u>
Diluted		<u>RMB1.3 cents</u>	<u>RMB14.6 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2021

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Profit for the year	<u>38,526</u>	<u>1,111,245</u>
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>26,026</u>	<u>(32,544)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>26,026</u>	<u>(32,544)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(49,029)	17,200
Income tax effect	<u>16,370</u>	<u>(4,300)</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(32,659)</u>	<u>12,900</u>
Total comprehensive income for the year	<u>31,893</u>	<u>1,091,601</u>
Attributable to:		
Owners of the parent	65,894	813,563
Non-controlling interests	<u>(34,001)</u>	<u>278,038</u>
	<u>31,893</u>	<u>1,091,601</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current assets			
Property and equipment		2,524,317	2,607,286
Investment properties		5,245,954	5,359,845
Properties under development		2,475,637	1,411,214
Right-of-use assets		160,807	348,223
Goodwill		–	98,995
Other intangible assets		30,787	32,522
Restricted cash		145,003	71,389
Equity investments designated at fair value through other comprehensive income		504,131	539,922
Long term prepayments		677,918	1,301,580
Investments in joint ventures		635,298	312,236
Investments in associates		1,145,297	102,603
Deferred tax assets		286,428	181,073
		<hr/>	<hr/>
Total non-current assets		13,831,577	12,366,888
Current assets			
Completed properties held for sale		5,893,841	2,926,871
Properties under development		25,648,975	17,286,659
Inventories		42,591	31,261
Trade receivables	9	113,329	84,717
Prepayments, other receivables and other assets		2,539,954	2,573,997
Financial assets at fair value through profit or loss		132,795	109,618
Loans to joint ventures		462,872	544,886
Loans to associates		779,135	–
Restricted cash		2,518,037	1,047,767
Cash and cash equivalents		5,232,657	4,792,545
Investment properties classified as held for sale		44,546	54,755
		<hr/>	<hr/>
Total current assets		43,408,732	29,453,076

	<i>Note</i>	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current liabilities			
Trade payables		2,131,544	1,487,283
Other payables and accruals		1,039,381	1,011,204
Contract liabilities		21,176,187	8,592,628
Lease liabilities		39,267	45,434
Advances from joint ventures		768,306	408,703
Advances from associates		374,257	19,600
Interest-bearing bank and other borrowings		3,618,903	3,653,485
Tax payable	<i>10</i>	1,700,955	2,062,459
		<hr/>	<hr/>
Total current liabilities		30,848,800	17,280,796
		<hr/>	<hr/>
Net current assets		12,559,932	12,172,280
		<hr/>	<hr/>
Total assets less current liabilities		26,391,509	24,539,168
		<hr/>	<hr/>
Non-current liabilities			
Interest-bearing bank and other borrowings		13,374,958	11,839,944
Deferred tax liabilities		936,358	947,932
Lease liabilities		150,109	337,355
		<hr/>	<hr/>
Total non-current liabilities		14,461,425	13,125,231
		<hr/>	<hr/>
Net assets		11,930,084	11,413,937
		<hr/> <hr/>	<hr/> <hr/>
Equity			
Equity attributable to owners of the parent			
Share capital		498,653	498,653
Reserves		8,746,065	8,629,393
		<hr/>	<hr/>
		9,244,718	9,128,046
		<hr/>	<hr/>
Non-controlling interests		2,685,366	2,285,891
		<hr/>	<hr/>
Total equity		11,930,084	11,413,937
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO FINANCIAL STATEMENTS

1 GENERAL

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

2 ACCOUNTING POLICIES

2.1 Changes in accounting policies and disclosures

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

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i>
Amendments to IFRS 16	<i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>

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

2.2 Issued but not yet effective International Financial Reporting Standards

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

Amendments to IFRS 3	<i>Reference to the Conceptual Framework¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
IFRS 17	<i>Insurance Contracts²</i>
Amendments to IFRS 17	<i>Insurance Contract^{2,4}</i>
Amendments to IAS 1 and IFRS Practice Statement 2	<i>Disclosure of Accounting Policies²</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current²</i>
Amendments to IAS 8	<i>Definition of Accounting Estimates²</i>
Amendments to IAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction²</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use¹</i>
Amendments to IAS 37	<i>Onerous Contracts — Cost of Fulfilling a Contract¹</i>
Annual Improvements to IFRSs 2018–2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41¹</i>

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ No mandatory effective date yet determined but available for adoption

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

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

3 OPERATING SEGMENT INFORMATION

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

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

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of profit/loss before tax from continuing operations. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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

Year ended	Residential	Commercial	Total
31 December 2020	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue			
Sales to external customers	6,738,578	700,370	7,438,948
Intersegment sales	<u>5,882</u>	<u>–</u>	<u>5,882</u>
Sales to external customers	6,744,460	700,370	7,444,830
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(5,882)</u>
Revenue from continuing operations			<u><u>7,438,948</u></u>
Segment results	1,569,093	108,844	1,677,937
Segment assets	27,250,018	15,175,856	42,425,874
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(605,910)</u>
Total assets	26,644,108	15,175,856	<u><u>41,819,964</u></u>
Segment liabilities	22,317,558	9,098,438	31,415,996
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>(1,009,969)</u>
Total liabilities	21,307,589	9,098,438	<u><u>30,406,027</u></u>
Other segment information:			
Share of (profits) or losses of:			
Associates	12,695	–	12,695
Joint ventures	(108,824)	–	(108,824)
Realisation of completed properties			
held for sale to net realisable value	(571)	–	(571)
Investments in joint ventures	312,236	–	312,236
Investments in associates	102,603	–	102,603
Depreciation and amortisation	20,943	142,137	163,080
Capital expenditure	<u>9,219</u>	<u>62,306</u>	<u>71,525</u>

Geographical information

(a) Revenue from external customers

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China	4,934,185	7,404,996
Others	<u>34,497</u>	<u>33,952</u>
	<u>4,968,682</u>	<u>7,438,948</u>

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

(b) Non-current assets

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Mainland China	12,876,007	11,380,134
Japan	86,249	91,780
Others	<u>78,762</u>	<u>173,979</u>
	<u>13,041,018</u>	<u>11,645,893</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 2021 and 2020.

4 REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	4,846,400	7,294,103
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	<u>122,282</u>	<u>144,845</u>
	<u><u>4,968,682</u></u>	<u><u>7,438,948</u></u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2021

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

For the year ended 31 December 2020

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	6,750,134	–	–	6,750,134
Hotel operation services	–	–	182,516	182,516
Property management and other services	–	361,453	–	361,453
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>6,750,134</u>	<u>361,453</u>	<u>182,516</u>	<u>7,294,103</u>
Timing of revenue recognition				
At a point in time	6,750,134	–	182,516	6,932,650
Over time	–	361,453	–	361,453
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue from contracts with customers	<u>6,750,134</u>	<u>361,453</u>	<u>182,516</u>	<u>7,294,103</u>

Revenue from the sale of properties recognised that was included in contract liabilities at the beginning of the reporting period was amounted to RMB3,030,507,000 (2020: RMB5,066,536,000).

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Other income		
Bank interest income	45,476	39,883
Subsidy income*	18,972	7,829
Others	100,797	16,033
	<u>165,245</u>	<u>63,745</u>
Gains		
Gain on disposal of right-of-use assets	25,823	–
Gain on disposal of a subsidiary	–	84,937
Gain on disposal of items of property and equipment	14,427	–
Dividend income from equity investments at fair value through other comprehensive income	54,315	–
Changes in fair value of financial assets at fair value through profit or loss	50,309	13,935
	<u>144,874</u>	<u>98,872</u>
	<u>310,119</u>	<u>162,617</u>

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

5 PROFIT BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of properties sold	3,364,398	4,796,052
Depreciation of property and equipment	121,326	109,742
Depreciation of right-of-use assets	59,961	51,603
Amortisation of other intangible assets	1,735	1,735
Lease payments not included in the measurement of lease liabilities	62,484	45,078
Auditor's remuneration	5,040	4,800
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	478,293	367,031
– Pension scheme contributions	62,779	23,950
Foreign exchange differences, net	2,176	12,774
Direct operating expenses (including repairs and maintenance arising on investment properties)	7,783	5,414
Loss on disposal of investment properties	3,977	36,322
Gain on disposal of right-of-use assets	(25,823)	–
Gain on disposal of items of property and equipment	(14,427)	–
Loss/(gain) on disposal of subsidiaries	23,854	(84,937)
Dividend income from equity investments at fair value through other comprehensive income	(54,315)	–
Fair value losses/(gains), net:		
Changes upon transfer to investment properties	–	(356,806)
Changes in fair value of investment properties	60,311	(23,030)
Changes in fair value of financial assets at fair value through profit or loss	(50,309)	(13,935)
Reversal of and realisation of completed properties held for sale to net realisable value	–	(571)
Impairment of goodwill*	98,995	–
Impairment provision for property and equipment *	11,436	–
Impairment of financial assets*	6,279	–

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

6 FINANCE COSTS

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank and other borrowings	793,432	697,118
Interest on lease liabilities	<u>10,494</u>	<u>16,344</u>
Total interest expense on financial liabilities not at fair value through profit or loss	803,926	713,462
Less: Interest capitalised in properties under development	<u>(578,850)</u>	<u>(463,373)</u>
	<u><u>225,076</u></u>	<u><u>250,089</u></u>

7 INCOME TAX

The Group's subsidiaries incorporated in Hong Kong, Canada and United Kingdom are not liable for income tax as they did not have any assessable profits arising in Hong Kong, Canada and United Kingdom during the year (2020: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (2020: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds 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.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current – PRC corporate income tax for the year	39,126	478,582
Current – PRC LAT for the year	254,402	236,976
Deferred	<u>(106,043)</u>	<u>(148,866)</u>
Total tax charge for the year	<u><u>187,485</u></u>	<u><u>566,692</u></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 RMB73,132,000 (2020: RMB827,874,000) and the weighted average number of ordinary shares of 5,635,809,800 (2020: 5,654,833,497) 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the parent	<u>73,132</u>	<u>827,874</u>
<u>Number of shares</u>		
	2021	2020
<u>Shares</u>		
Weighted average number of ordinary shares in issue during the year	<u>5,635,809,800</u>	<u>5,654,833,497</u>

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2021 and 2020 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2021 (2020: 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:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Within six months	98,880	56,037
Over six months but within one year	10,175	12,563
Over one year but within two years	6,655	9,685
Over two years but within three years	2,520	6,432
Over three years	1,378	–
	119,608	84,717
Impairment	(6,279)	–
	113,329	84,717

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 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 2021 and 2020. 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within six months	1,796,918	1,332,994
Over six months but within one year	291,426	99,063
Over one year	<u>43,200</u>	<u>55,226</u>
	<u>2,131,544</u>	<u>1,487,283</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 2021 (for the year ended 31 December 2020: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The consolidated revenue of the Group for 2021 was RMB4,968.7 million, representing a decrease of about 33.2% from that of 2020. The gross profit for 2021 was RMB1,476.1 million, representing a decrease of about 34.2% from that of 2020. The profit attributable to owners of the parent for 2021 was about RMB73.1 million, and the profit attributable to owners of the parent for 2020 was about RMB827.9 million. The basic earnings per share was RMB1.3 cents (2020: RMB14.6 cents).

Industry Review

According to the National Bureau of Statistics of the PRC, in 2021, the gross domestic product (“GDP”) of China amounted to RMB114,367 billion, representing an increase of 8.1% as compared with that of the previous year, based on comparable prices. In the face of complex domestic and international situations and various risks and challenges, China has maintained a leading position globally in epidemic control and economic development, and the national economy has operated within a reasonable range. The 14th Five-Year Plan has got off to a good start. Steps have been taken to build a new development pattern, and as a result, new achievements in terms of high-quality development have been made.

In 2021, the nationwide investment in property development amounted to RMB14,760.2 billion, representing a growth of 4.4% as compared with that of last year. Among which, residential investment amounted to RMB11,117.3 billion, representing a growth of 6.4%. In 2021, the gross floor area (“GFA”) of commodity properties sold was 1,794.33 million sq.m., representing a growth of 1.9% as compared with that of last year. Among which, the growth of GFA of residential properties sold was 1.1%, while the growth of GFA of office buildings sold was 1.2%, and the decline of GFA of commercial business properties sold was 2.6%. The sales of commodity properties amounted to RMB18,193.0 billion, representing a growth of 4.8%. Among which, the growth of sales of residential properties was 5.3%, while the decline of sales of office buildings and commercial business properties were 6.9% and 2.0% respectively.

In 2021, the land area purchased by property development enterprises was 215.90 million sq.m., representing a decline of 15.5% as compared with that of last year; the premium of the land transactions amounted to RMB1,775.6 billion, representing a growth of 2.8% as compared with that of last year. The area under construction by property development enterprises was 9,753.87 million sq.m., representing a growth of 5.2% as compared with that of last year. Among which, the area under construction for residential properties was 6,903.19 million sq.m., representing a growth of 5.3%. The area of newly commenced properties was 1,988.95 million sq.m., representing a decline of 11.4%. Among which, the area of newly commenced residential properties was 1,463.79 million sq.m., representing a decline of 10.9%. The completed construction area of properties was 1,014.12 million sq.m., representing a growth of 11.2%. Among which, the completed construction area of residential properties was 730.16 million sq.m., representing a growth of 10.8%. At the end of 2021, the area of commodity properties pending for sale was 510.23 million sq.m., representing an increase of 8.58 million sq.m. as compared with the end of November 2021. Among which, the area of residential properties pending for sale increased by 4.80 million sq.m., the area of office buildings pending for sale increased by 0.94 million sq.m. and the area of commercial business properties pending for sale increased by 0.46 million sq.m.

Business Review

The recognised revenue of properties delivered by the Group in 2021 was about RMB4,278.0 million (2020: RMB6,750.1 million), representing a decrease of about 36.6% as compared to that of 2020, which was mainly due to the fact that a considerable part of the properties sold by the Group in recent years are not due to be delivered, resulting in a decrease in the total GFA of the properties delivered in 2021 compared with that of 2020, and a corresponding decrease in the amount that can be included in the recognized revenue of the current year.

The GFA of properties sold and delivered by the Group in 2021 was about 227,597 sq.m. (2020: 552,737 sq.m.), representing a decrease of about 58.8% as compared to that of 2020.

The recognised average selling price per sq.m. achieved by the Group in 2021 was about RMB18,796.4, representing an increase of about 53.9% from RMB12,212.1 in the previous year. It is due to the increase in the portion of sales of properties with higher selling prices in the year under review.

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

Projects	City	Recognised GFA sold sq.m.	Recognised amount RMB million	% of interest attributable to the Group
Zhejiang				
Landscape Bay	Hangzhou	802	11.4	92.6%
Hidden Dragon Bay	Hangzhou	3,390	4.3	61.0%
International Office Centre (IOC) Phase A3	Hangzhou	5,093	190.1	65.9%
White Horse Palace	Hangzhou	126	6.6	90.0%
White Horse Manor	Hangzhou	2,268	1.9	90.0%
Nan Hu MingYu	Hangzhou	18,645	858.9	59.9%
Ideal Bay	Hangzhou	770	15.6	45.9%
Xixi Manhattan	Hangzhou	862	13.7	30.3%
Xixi New City	Hangzhou	–	23.7	90.0%
Chaoyang Yinzuo	Hangzhou	–	1.0	65.9%
Xixi Future Square	Hangzhou	47,201	1,223.9	90.0%
Jade Mansion	Yuyao	2,538	59.2	93.0%
Zhong An Times Square Phase II	Yuyao	6,888	61.3	61.3%
Zhong An Times Square Phase I	Yuyao	580	4.4	59.3%
Cixi Landscape Garden	Cixi	7,513	52.4	90.0%
Cixi New City	Cixi	10,182	111.9	65.9%
Typha Lotus Garden	Yiwu	60,085	1,015.4	58.5%
Comphor Tree Bay	Lishui	13,617	207.9	90.0%
Anhui				
Vancouver City	Huaipei	26,762	222.2	100.0%
Shandong				
Qingdao New City	Qingdao	20,275	192.2	100.0%
		<u>227,597</u>	<u>4,278.0</u>	

The average cost of properties sold per sq.m. of the Group was about RMB13,138.1 in 2021, representing an increase of about 51.4% from RMB8,676.9 in the previous year. It was due to the higher development cost of relevant projects recognised for sale during the year under review.

Progress of development on the major projects

Hangzhou, Zhejiang Province

Lotus Mansion (Xiaoshan)

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

Shunyuan Mansion

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

Fashion Color City

It is located in Xinjie Village, Xiaoshan District, Hangzhou. It consists of hardcover loft apartments, large flat floor apartments and shops, with a total floor area of approximately 26,087 sq.m. and a total GFA of approximately 78,261 sq.m., and is for commercial use. The project commenced construction in the third quarter of 2020 and started the pre-sale in the fourth quarter of 2020. It is expected to be completed in 2022. The volume of pre-sales of the project during the year under review was within expectation.

Cloud Land

It is located in Hangzhou 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 74,779 sq.m., and is for residential use. The project commenced construction in the first quarter of 2021 and started the pre-sale in the third quarter of 2021. It is expected to be completed in 2023. The volume of pre-sales of the project during the year under review was within expectation.

International Office Centre (IOC)

IOC is a large-scale integrated commercial complex located in Qianjiang Century City (錢江世紀城), Xiaoshan District, Hangzhou, comprising serviced apartments, shopping malls and offices. The total site area of Plot A is 92,610 sq.m. and the planned total GFA is 798,795 sq.m. The project is constructed in three phases, consisting of Plots A1, A2 and A3. Among which, Plot A3 was completed in 2015, comprising serviced apartments, shops and underground parking spaces with a total GFA of approximately 327,996 sq.m. The construction of Plot A2 has commenced in 2019 with a total GFA of approximately 263,555 sq.m. The project started the pre-sale in the third quarter of 2020, and is expected to be completed in 2022. The volume of pre-sales of the project during the year under review was within expectation.

Xixi Future Square

Xixi Future Square (Royal Bay) is located at Xian Lin Street, Yuhang District, Hangzhou and consists of residential and commercial parcels, with a total GFA of about 109,782 sq.m., among which, the GFA of housing stock amounted to 16,788 sq.m. The project consists of multi-storey, small high-rise and high-rise buildings as well as townhouses, and is surrounded by well-developed community facilities. The project is constructed in three phases: Plot E, Plot C and Plot F, with a total GFA of about 92,994 sq.m., and commenced construction in 2019. Plot E was opened for sale in the fourth quarter of 2020. The pre-sales of Plots C and F started in the second quarter of 2020. It was completed in 2021. The volume of sales of the project during the year under review was within expectation.

Nan Hu Ming Yue

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

Ruiyuan Mansion

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

Lotus Mansion (Chun'an)

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

Beigan Project

It is located in Beigan Technology Innovation Park, Xiaoshan District, Hangzhou, and consists of large flats and shops, with a total floor area of approximately 12,819 sq.m., and a total GFA of approximately 44,867 sq.m., and is for commercial use. The project commenced construction in the fourth quarter of 2021 and is expected to start the pre-sale in the second quarter of 2022 and is expected to be completed in 2024.

Ningbo, Zhejiang Province

Cixi Zhong An Landscape Gard\Cixi New City

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

Chaoyue Mansion

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

Yiwu, Zhejiang Province

Xiuhu Lotus Gardon

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

Lakeside Mansion

It is located in Beiyuan Street, Yiwu, Zhejiang Province. It is mainly composed of houses, villas, flats and shops, with a total floor area of approximately 20,411 sq.m., and a total GFA of approximately 32,658 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2021 and is expected to start the pre-sale in the first quarter of 2022, and is expected to be completed in 2023.

Wenzhou, Zhejiang Province

Shunyuan Mansion

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

Future Center

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

Shaoxing, Zhejiang Province

Guyue Mansion

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

Future City

It is located in Fuquan Future Community, Keqiao District, Shaoxing, and is composed of talent housings, offices and shops. The project also includes the construction of repurchase housings. The project covers a total floor area of approximately 78,484 sq.m. and a total GFA of approximately 211,907 sq.m., and is for residential use. The project commenced construction in the fourth quarter of 2021, and is expected to be completed in 2024.

Zhoushan, Zhejiang Province

Ruyi Mansion

It is located in Putuo District, Zhoushan, and is composed of small high-rise buildings and shops, with a total floor area of approximately 22,484 sq.m. and a total GFA of approximately 44,968 sq.m., and is for residential use. The project commenced construction in the third quarter of 2020, and started the pre-sale in the fourth quarter of 2020. It is expected to be completed in 2022. The volume of pre-sales of the project during the year under review was within expectation.

Taizhou, Zhejiang Province

Heyuan Mansion

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

Future City

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

Quzhou, Zhejiang Province

Cloud Chen Square

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

Huaibei, Anhui Province

Vancouver City

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

Nanjing, Jiangsu Province

Future Mansion

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

Wuxi, Jiangsu Province

Future Mansion

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

Qingdao, Shandong Province

Qingdao New City

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

Future City (Residential)

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

Future City (Commercial)

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

Kunming, Yunnan Province

Yunxing Imperial Palace

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

Overseas

Amber Rise

This project is in Vancouver, British Columbia, Canada with a total GFA of about 7,719 sq.m. The site is located in a wealthy district with about an about-20-minute 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 detached houses has been completed.

Contracted sales in 2021

As at 31 December 2021, the contracted GFA sold by the Group was about 1,175,362 sq.m. (2020: 1,099,215 sq.m.) with the amount of about RMB27,925.1 million (2020: RMB21,944.1 million), representing a year-to-year increase of approximately 27.3%. The details of the contracted sales from the major projects are set out below:

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
Zhejiang				
Nan Hu Ming Yu	Hangzhou	7,026	394.8	59.9%
Xixi Future Square	Hangzhou	1,484	114.4	90.0%
Cloud Land	Hangzhou	76,723	2,903.0	90.0%
Xiaoshan Lotus Mansion	Hangzhou	57,317	2,027.0	90.0%
Shunyuan Mansion	Hangzhou	61,390	1,306.3	90.0%
Fashion Color City	Hangzhou	4,417	127.7	59.3%
Others (Residential)	Hangzhou	194	12.4	90.0%
International Office Centre (IOC)A3	Hangzhou	5,963	194.2	65.9%
International Office Centre (IOC)A2	Hangzhou	35,161	1,740.1	65.9%
Xixi New City	Hangzhou	927	30.1	65.9%
Ruiyuan Mansion	Hangzhou	32,747	690.4	90.0%
Chun'an Lotus Mansion	Hangzhou	1,985	21.6	100.0%
Lin Qi Yun Fu	Hangzhou	18,341	399.8	22.5%
Majestic Mansion	Hangzhou	900	12.7	18.0%
Chenhan Mansion	Hangzhou	55,037	1,402.6	22.5%
Yunqiqiling	Hangzhou	16,762	349.7	36.0%
Xinnongdu	Hangzhou	43,931	440.8	25.2%
Others (Commercial)	Hangzhou	1,226	17.5	59.3%
Jade Mansion	Yuyao	–	6.1	93.0%
Zhong An Times Square Phase I	Yuyao	206	1.4	59.3%
Zhong An Times Square Phase II	Yuyao	11,190	72.9	61.3%
Cixi Landscape Garden	Cixi	–	2.3	90.0%
Cixi New City	Cixi	2,432	26.1	65.9%

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
Chaoyue Mansion	Ningbo	7,551	197.3	90.0%
Shunyuan Mansion	Ningbo	31,497	818.7	44.1%
Comphor Tree Bay	Lishui	2,359	43.4	90.0%
Jiang Lin Mansion	Lishui	41,611	929.7	31.5%
Ideal Era Home	Lishui	11,686	151.6	13.5%
Typha Lotus Garden	Yiwu	2,650	75.8	58.5%
Xiuhu Lotus Gardon	Yiwu	18,795	875.9	58.5%
Chaoming	Yiwu	90,243	2,682.6	31.5%
Baolong House	Yiwu	3,308	51.0	31.5%
Shunyuan Mansion	Wenzhou	44,861	1,290.8	90.0%
Wenzhou Future Center	Wenzhou	19,819	319.7	45.0%
Glory One	Wenzhou	32,960	712.1	22.5%
Casa Banyan	Wenzhou	2,335	54.5	21.6%
Sky Tree (Residential)	Wenzhou	61,003	1,022.5	22.5%
Guyue Mansion	Shaoxing	12,123	632.2	90.0%
Tang Song He Ming	Shaoxing	13,304	574.7	44.1%
Cloud Chen Square	Quzhou	31,593	501.1	45.9%
Ruyi Mansion	Zhoushan	19,009	262.1	90.0%
Heyuan Mansion	Taizhou	69,919	1,170.4	90.0%
Taizhou Future City	Taizhou	128,711	2,391.2	90.0%
	Jiangsu			
Nanjing Future Mansion	Nanjing	13,338	104.0	90.0%
Jiangyin Future Mansion	Wuxi	5,294	90.7	90.0%
	Anhui			
Vancouver City	Huaibei	44,056	390.9	100.0%
	Shandong			
Qingdao New City	Qingdao	9,408	84.3	100.0%
Zhong An Future City	Qingdao	22,570	204.0	90.0%
		<u>1,175,362</u>	<u>27,925.1</u>	

Land bank

In 2021, the Group acquired a total of 12 new projects with a total GFA of approximately 1.93 million sq.m. The total land costs amounted to approximately RMB11.1 billion. The average land cost of the new land acquired was approximately RMB5,738 per sq.m.

No.	Projects	City	Land cost (RMB million)	Site Area (sq.m.)	Total GFA (sq.m.)	% of interest attributable to the Group
1	Sky Tree (Commercial)	Wenzhou	1,430	87,108	217,770	22.5%
2	Sky Tree (Residential)	Wenzhou	676	41,640	104,100	22.5%
3	Tang Song He Ming	Shaoxing	2,165	100,462	105,485	44.1%
4	Cloud Chen Square	Quzhou	946	72,774	106,250	45.9%
5	Ruiyuan Mansion	Hangzhou	945	39,480	94,752	90.0%
6	Chun'an Lotus Mansion	Hangzhou	268	22,417	48,870	100.0%
7	Chaoyue Mansion	Ningbo	601	17,393	31,307	44.1%
8	Wenzhou Future City	Wenzhou	1,053	69,369	168,141	45.0%
9	Shaoxing Future City	Shaoxing	964	78,484	211,907	51.3%
10	Lakeside Mansion	Yiwu	946	20,411	32,658	90.0%
11	Beigan Project	Hangzhou	256	12,819	44,867	59.3%
12	Xiangtan Project	Xiangtan	850	292,671	768,255	36.0%
			11,099	855,028	1,934,362	

As at 31 December 2021, the total GFA of the Group's land bank was about 10.48 million sq.m., out of which the total unsold or undelivered GFA of the completed property projects was about 1.75 million sq.m. As at 31 December 2021, the average acquisition cost of the Group's overall land bank was about RMB3,110 per sq.m.

During the year under review, the GFA of the properties of which the construction was newly commenced by the Group was about 1.91 million sq.m.

OTHER BUSINESS DEVELOPMENT

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

Hotel operation

There are four hotels currently under operation, namely Holiday Inn Hangzhou Xiaoshan, Hangzhou Qiandao Lake Bright Resort Hotel, Huaibei Bright Hotel and Ningbo Bright Hotel. Among them, Ningbo Bright Hotel officially commenced business in October 2019, and its operational performance is good. The Group recorded a revenue of approximately RMB173.2 million generated from hotel operations (2020: approximately RMB182.5 million), representing a decrease of approximately 5.1% during the year under review and the overall hotel occupancy rate was approximately 40% (2020: approximately 43%).

Commercial leasing

The leasing revenue for 2021 was about RMB122.3 million, representing a decrease of about 15.6% as compared to RMB144.8 million in 2020.

Currently, Highlong Plaza, International Office Centre (IOC), Zhong An Square and the shopping units of Hidden Dragon Bay constitute the main source of leasing income of the Group. Highlong Plaza consists of office buildings, a shopping centre, a hotel, serviced apartments and underground parking lots. The serviced apartments at Highlong Plaza were sublet to and managed by independent operators, i.e. Ningbo Sanbi Hotel and Hangzhou Youbang Hotel. The operational performance was satisfactory. The overall leasing rate was 87% (2020: 94%).

Property management and other services

The revenue generated from property management and other services in 2021 was about RMB395.2 million, representing an increase of about 9.3% as compared to RMB361.5 million in 2020. The Group provides quality property management services to the communities located in properties developed by the Group and other developers. The services are further enhanced by the provision of travel tours, housekeeping and nanny services, etc. The provision of customer-oriented services and the wide variety of services offered have strengthened the Group's corporate brand management.

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

Awards and Recognitions

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

Awards	Awarded parties/projects
2021 Top 100 China Real Estate Developers	Zhong An Group Limited
2021 Top 10 Hong Kong Listed Domestic Property Companies with Financial Stability	Zhong An Group Limited
2021 Top 10 Hong Kong Listed Domestic Property Companies with Investment Value	Zhong An Group Limited
2021 Top 100 China Real Estate Enterprise Brand Value	Zhong An Group Limited
2021 Top 50 Real Estate Enterprises in the Yangtze River Delta Region	Zhong An Group Limited
2021 Top 200 Private Enterprises in Zhejiang Province	Zhong An Group Limited
2021 China's Top 100 Property Management Service Providers	Zhejiang Zhong An Property Management Co., Ltd.

Human resources

As at 31 December 2021, the Group employed a total of 4,911 staff (2020: 4,573 staff). In 2021, the staff cost of the Group was about RMB541.1 million (2020: about RMB391.0 million), representing an increase of about 38.4% (2020: 24.3%). The increase was mainly due to the increase in quality staff recruited during the year under review following the continuous development of the business. The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisals on a yearly basis for its employees, the results of which are taken into account in the annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual discretionary bonus based on their performance conditions and appraisal results. To attract high calibre professionals and solidify the management of the Group, eligible participants (including employee of the Group) may be granted options to subscribe for shares in the Company pursuant to the share option scheme adopted by the Company. The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain the Group's attractiveness to 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 anticipated financial performance, the general business conditions and strategies, the Group's anticipated working capital requirements and future expansion plans, the general economic conditions and business cycle of the Group, the future prospects of the business of the Group, Shareholders' interests, statutory and regulatory restrictions on the payment of dividends and other internal or external factors that the Board deems appropriate.

FINANCIAL ANALYSIS

Revenue

For the year ended 31 December 2021, the Group recorded a total revenue of approximately RMB4,968.7 million, representing a decrease of approximately 33.2% compared with that of RMB7,438.9 million in 2020. Among which, the revenue arising from the sale of properties had constituted and is expected to constitute continually the vast majority of the Group's total revenue, accounting for approximately 86.1% of the total income of the year. The decrease in the revenue was mainly due to the fact that a considerable part of the properties pre-sold by the Group in recent years are not due to be delivered, resulting in a decrease in the total GFA of the properties delivered in 2021 compared with that of 2020, and a corresponding decrease in the amount that can be included in the recognized revenue of the current year.

Cost of sales

For the year ended 31 December 2021, the Group's cost of sales was approximately RMB3,492.5 million, representing a decrease of approximately 32.8% as compared with that of RMB5,194.0 million in 2020.

Gross profit

For the year ended 31 December 2021, the Group recorded gross profit of about RMB1,476.1 million, representing a decrease of about 34.2% as compared to that of about RMB2,244.9 million in the previous year. The gross profit margin was approximately 29.7%, decreased by approximately 0.5 percentage points as compared to that of 2020. The gross profit margin remained at a high level in the industry.

Other income and gains, net

The other income and gains of the Group amounted to approximately RMB310.1 million for the year ended 31 December 2021, representing an increase of 90.7% as compared with that of RMB162.6 million in 2020. This is mainly due to the increase of dividend income from equity investments at fair value through other comprehensive income and changes in fair value of financial assets at fair value through profit or loss during the year.

Selling and distribution expenses

The selling and distribution expenses increased by about 33.9% from about RMB322.5 million in 2020 to about RMB431.9 million in 2021. This is mainly due to the increase in sales commission and marketing expenses with the growth of the contracted sales amount.

Administrative expenses

Administrative expenses were increased by about 45.6% from about RMB525.1 million in 2020 to about RMB764.5 million in 2021. This is primarily attributable to increased headcounts for the development of the Group.

Other expenses

Other expenses increased by about 95.3% from about RMB107.9 million in 2020 to about RMB210.7 million in 2021. This is mainly due to the increase of impairment of goodwill and impairment provision for property and equipment during the year.

Finance costs

Finance costs decreased by about 10.0% from about RMB250.1 million in 2020 to about RMB225.1 million in 2021. This is mainly due to the increase of capitalized interest amount during the year.

Income tax expenses

Income tax expenses decreased by about 66.9% from about RMB566.7 million in 2020 to about RMB187.5 million in 2021. This is primarily due to the decrease of profit of tax during the year.

Capital structure

As at 31 December 2021, 5,635,809,800 shares in the Company were in issue (31 December 2020: 5,635,809,800 shares).

As at 31 December 2021, the Group had total assets of approximately RMB57,240.3 million (2020: approximately RMB41,820.0 million) which were financed by current liabilities of approximately RMB30,848.8 million (2020: approximately RMB17,280.8 million), non-current liabilities of approximately RMB14,461.4 million (2020: approximately RMB13,125.2 million) and shareholders' equity of approximately RMB11,930.1 million (2020: approximately RMB11,413.9 million).

As at 31 December 2021, the Group had an aggregate amount of cash and cash equivalents and restricted cash of about RMB7,895.7 million (2020: RMB5,911.7 million).

As at 31 December 2021, the Group's interest-bearing bank and other borrowings amounted to approximately RMB16,993.9 million (2020: approximately RMB15,493.4 million).

The maturity profile of the borrowings was as follows:

	As at 31 December 2021 RMB'000	As at 31 December 2020 RMB'000
Within 1 year or on demand	3,618,903	3,653,485
Over 1 year but within 2 years	7,608,194	4,146,616
Over 2 years but within 5 years	4,715,491	6,482,697
Over 5 years	1,051,273	1,210,631
	<u>16,993,861</u>	<u>15,493,429</u>

Interest-bearing bank and other borrowings bear interest at fixed rates and floating rates. As at 31 December 2021, the Group's interest-bearing bank and other borrowings bore average effective interest rate of 6.20% (2020: 6.27%).

The denominated amounts of the borrowings were as follows:

	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>
RMB loans and borrowings	16,990,633	15,489,651
GBP loans and borrowings	3,228	3,778
	<u>16,993,861</u>	<u>15,493,429</u>

During the year under review, the total cost of borrowings of the Group was approximately RMB793.4 million (2020: approximately RMB697.1 million), and, among which, interests with an amount of approximately RMB578.9 million (2020: approximately RMB463.4 million) were capitalized.

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.41 (2020: approximately 1.70). The ratio of interest-bearing bank and other borrowings to total assets was approximately 0.30 (2020: approximately 0.37). The net gearing ratio of the Group (defined as net debt divided by total equity) was approximately 0.76 (2020: approximately 0.84) (net debt is defined as total interest-bearing bank and other borrowings less cash and cash equivalent and total restricted cash). The Group always adopts a prudent financial policy in its operation and business development.

Capital commitments

As at 31 December 2021, the Group had capital commitments of about RMB6,984.0 million (2020: approximately RMB2,517.3million) 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 2021, the contingent liabilities of the Group were about RMB7,438.2 million (2020: approximately RMB4,933.4 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 2021, investment properties of the Group with a carrying value of about RMB2,681.6 million (2020: approximately RMB3,185.1 million), properties under development of about RMB24,189.0 million (2020: approximately RMB8,989.5 million), completed properties held for sale of about RMB823.7 million (2020: approximately RMB1,325.9 million), property and equipment of about RMB1,185.5 million (2020: approximately RMB1,237.0 million), restricted cash of about RMB64.1 million (2020: approximately RMB40.6million), 100% equity interest in a subsidiary of the Group of about RMB40.0 million (2020: RMB40.0 million) were pledged to secure the banking facilities and other borrowings of the Group.

Foreign exchange risk

As the sales, purchase and external financings of the Group in 2021 and 2020 were made mainly in Renminbi, the Group was exposed to relatively minor foreign exchange risks. The Group did not use any foreign exchange hedging instruments to hedge foreign exchange risks in 2021 and 2020.

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 any derivative instruments to hedge its interest rate risks.

Events after the reporting period

There was no event occurred that bears significant effect to the Group between the year end date and 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 27 (Environmental, Social and Governance Reporting Guide) to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and will be published respectively on the websites of the Company and the Stock Exchange in due course.

PROSPECTS

Looking forward to 2022, the macro-economy is still in the forefront of stability. With the continuous improvement of the long-term mechanism of the property market and the effect of city-based policies, the property investment in 2022 is expected to develop steadily and healthily.

The Group will maintain a prudent view in the short term and an optimistic view in the long term make full use of its brand advantages in the Yangtze River Delta region, and constantly optimize marketing strategies and channels to achieve stable growth in sales and maximize profits. With the continuous upgrading of cities, while people are pursuing high-quality residential products, they also demand higher standards of property developers. The Group will adhere to the brand concept of “Enjoying a Better Life” and build a full-scale layout around “real estate +”. From “building houses” to “building lifestyles”, the Group will leverage its strengths in products and services, and strive to provide Chinese families with a full life cycle of better life solutions by creating a diversified lifestyle.

FINAL DIVIDEND

The Board does not recommend the payment of dividends for the year ended 31 December 2021 (for the year ended 31 December 2020: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). Following specific enquiries by the Company, all Directors confirmed with the Company that they had complied with the required standard set out in the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the year.

CORPORATE GOVERNANCE

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

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

SCOPE OF WORK OF ERNST & YOUNG

The figures above in respect of this annual results announcement for the year ended 31 December 2021 have been agreed with the Company's auditor, Ernst & Young, certified public accountants ("**Ernst & Young**"), to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

AUDIT COMMITTEE

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Thursday, 9 June 2022 (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 Thursday, 2 June 2022 to Thursday, 9 June 2022 (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 Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Wednesday, 1 June 2022.

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

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

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

The PRC, 24 March 2022

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.