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众安集团  
ZHONG AN GROUP

**眾安集團有限公司**  
**Zhong An Group Limited**

*(incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 672)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2022**

**SUMMARY**

- The Group's revenue in the Period under review was approximately RMB5,077.6 million, representing an increase of approximately 156.2% as compared to the corresponding period in 2021
- The Group's gross profit in the Period under review was approximately RMB1,726.1 million, representing an increase of approximately 174.7% as compared to the corresponding period in 2021
- The Group's profit in the Period under review was approximately RMB70.2 million, representing an increase of approximately 106.5% as compared to the corresponding period in 2021
- As at 30 June 2022, the Group's total gearing ratio and net gearing ratio were approximately 79.7% and 82.9% respectively, which had been maintained at a reasonable level
- During the Period under review, the Group acquired 7 new parcels of land with a total GFA of approximately 0.52 million sq.m. at an average floor price of approximately RMB9,323 per sq.m., which were located in China's relatively active and developed cities

The board (the “**Board**”) of directors (the “**Directors**”) of Zhong An Group Limited (the “**Company**”) is pleased to announce the unaudited interim condensed consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 June 2022 (the “**Period**” or the “**Period under review**”), together with the comparative figures for the corresponding period ended 30 June 2021 as below:

## **INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 June 2022*

	<i>Notes</i>	<b>2022</b> <i>RMB'000</i> <b>(Unaudited)</b>	2021 <i>RMB'000</i> <b>(Unaudited)</b>
<b>Revenue</b>	4	<b>5,077,587</b>	1,982,203
Cost of sales		<u><b>(3,351,481)</b></u>	<u>(1,353,782)</u>
<b>Gross profit</b>		<b>1,726,106</b>	628,421
Other income and gains	4	<b>178,891</b>	188,775
Selling and distribution expenses		<b>(126,896)</b>	(137,809)
Administrative expenses		<b>(311,155)</b>	(317,272)
Other expenses		<b>(92,931)</b>	(90,130)
Finance costs		<b>(102,932)</b>	(118,509)
Changes in fair value of investment properties		<b>(95,590)</b>	(13,786)
Share of profits and losses of:			
Joint ventures		<b>(7,528)</b>	108,988
Associates		<u><b>(80,970)</b></u>	<u>(17,681)</u>
<b>Profit before tax</b>	5	<b>1,086,995</b>	230,997
Income tax expense	6	<u><b>(1,016,764)</b></u>	<u>(197,047)</u>
<b>Profit for the period</b>		<u><b>70,231</b></u>	<u>33,950</u>
Attributable to:			
Owners of the parent		<b>137,659</b>	12,430
Non-controlling interests		<u><b>(67,428)</b></u>	<u>21,520</u>
		<u><b>70,231</b></u>	<u>33,950</u>
<b>Earnings per share attributable to equity holders of the parent</b>			
Basic and diluted	7	<u><b>RMB2.44cents</b></u>	<u>RMB0.22cents</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the six months ended 30 June 2022*

	<b>2022</b>	2021
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
<b>Profit for the period</b>	<b><u>70,231</u></b>	<b><u>33,950</u></b>
<b>Other comprehensive income/(loss)</b>		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u>24,509</u>	<u>(5,941)</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>24,509</u>	<u>(5,941)</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	<u>(10,872)</u>	<u>(26,064)</u>
Income tax effect	<u>2,718</u>	<u>6,516</u>
Net other comprehensive loss that will not be reclassified to profit or loss in subsequent periods	<u>(8,154)</u>	<u>(19,548)</u>
<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b><u>16,355</u></b>	<b><u>(25,489)</u></b>
<b>Total comprehensive income for the period</b>	<b><u>86,586</u></b>	<b><u>8,461</u></b>
Attributable to:		
Owners of the parent	<u>152,772</u>	<u>(16,335)</u>
Non-controlling interests	<u>(66,186)</u>	<u>24,796</u>
	<b><u>86,586</u></b>	<b><u>8,461</u></b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2022

	<b>30 June</b>	31 December
	<b>2022</b>	2021
<i>Note</i>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>		
Property and equipment	<b>2,537,382</b>	2,524,317
Investment properties	<b>5,352,666</b>	5,245,954
Properties under development	<b>1,926,984</b>	2,475,637
Right-of-use assets	<b>150,587</b>	160,807
Other intangible assets	<b>29,919</b>	30,787
Restricted cash	<b>145,170</b>	145,003
Equity investments designated at fair value through other comprehensive income	<b>493,259</b>	504,131
Long term prepayments	<b>406,280</b>	677,918
Investments in joint ventures	<b>1,079,509</b>	635,298
Investments in associates	<b>1,136,658</b>	1,145,297
Deferred tax assets	<b>342,868</b>	286,428
	<hr/>	<hr/>
Total non-current assets	<b>13,601,282</b>	13,831,577
<b>CURRENT ASSETS</b>		
Completed properties held for sale	<b>3,099,715</b>	5,893,841
Properties under development	<b>30,580,917</b>	25,648,975
Inventories	<b>39,466</b>	42,591
Trade receivables	<b>119,867</b>	113,329
Prepayments, other receivables and other assets	<b>3,365,822</b>	2,539,954
Financial assets at fair value through profit or loss	<b>113,720</b>	132,795
Loans to joint ventures	<b>1,683,607</b>	462,872
Loans to associates	<b>251,829</b>	779,135
Restricted cash	<b>3,119,571</b>	2,518,037
Cash and cash equivalents	<b>3,965,444</b>	5,232,657
Investment properties classified as held for sale	<b>78,434</b>	44,546
	<hr/>	<hr/>
Total current assets	<b>46,418,392</b>	43,408,732

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2022

	<i>Note</i>	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
<b>CURRENT LIABILITIES</b>			
Trade payables	9	1,762,680	2,131,544
Other payables and accruals		1,719,727	1,039,381
Contract liabilities		22,002,762	21,176,187
Lease liabilities		47,458	39,267
Amounts due to joint ventures		506,558	768,306
Amounts due to associates		819,307	374,257
Interest-bearing bank and other borrowings		4,389,326	3,618,903
Tax payable		2,585,227	1,700,955
Total current liabilities		<u>33,833,045</u>	<u>30,848,800</u>
<b>NET CURRENT ASSETS</b>		<u>12,585,347</u>	<u>12,559,932</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>26,186,629</u>	<u>26,391,509</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings		12,940,393	13,374,958
Deferred tax liabilities		921,190	936,358
Lease liabilities		138,639	150,109
Total non-current liabilities		<u>14,000,222</u>	<u>14,461,425</u>
<b>Net assets</b>		<u><u>12,186,407</u></u>	<u><u>11,930,084</u></u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		498,653	498,653
Reserves		8,917,967	8,746,065
		<u>9,416,620</u>	<u>9,244,718</u>
<b>Non-controlling interests</b>		<u>2,769,787</u>	<u>2,685,366</u>
<b>Total equity</b>		<u><u>12,186,407</u></u>	<u><u>11,930,084</u></u>

# NOTES TO FINANCIAL STATEMENTS

## 1. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2022 have been prepared in accordance with International Accounting Standard (“IAS”) 34 “*Interim Financial Reporting*” issued by the International Accounting Standards Board. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2021.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual financial information for the year ended 31 December 2021, except for the adoption of the following revised International Financial Reporting Standards (“IFRSs”) for the first time for the current period’s financial information.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i>
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i>
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i>
<i>Annual Improvements to IFRSs 2018-2020</i>	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS41</i>

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

## 3. OPERATING SEGMENT INFORMATION

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

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

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

The following tables presented revenue and profit/(loss) information regarding the Group's operating segments for the six months ended 30 June 2022 and 2021, respectively.

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

<b>Six months ended 30 June 2021</b> <b>(unaudited)</b>	Residential <i>RMB'000</i>	Commercial <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Segment revenue:</b>			
Sales to external customers	1,435,095	547,108	1,982,203
Intersegment sales	<u>85,322</u>	<u>–</u>	<u>85,322</u>
	1,520,417	547,108	2,067,525
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(85,322)</u>
Revenue from operations			<u>1,982,203</u>
<b>Segment results:</b>	<u>392,369</u>	<u>(161,372)</u>	<u>230,997</u>
<b>Other segment information:</b>			
Share of (profits)/loss of:			
Joint ventures	(108,988)	–	(108,988)
Associates	17,681	–	17,681
Impairment losses recognised in the statement of profit or loss	8,041	61,393	69,434
Depreciation and amortisation	11,690	70,909	82,599
Capital expenditure	<u>8,548</u>	<u>40,015</u>	<u>48,563</u>

The following tables present segment assets and liability information of the Group's operating segments as at 30 June 2022 and 31 December 2021, respectively:

<b>As at 30 June 2022</b> (unaudited)	<b>Residential</b> <i>RMB'000</i>	<b>Commercial</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Segment assets</b>	45,175,621	15,407,927	60,583,548
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(563,874)</u>
<b>Total assets</b>	<u>44,611,747</u>	<u>15,407,927</u>	<u>60,019,674</u>
<b>Segment liabilities</b>	37,910,433	9,922,834	47,833,267
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>–</u>
<b>Total liabilities</b>	<u>37,910,433</u>	<u>9,922,834</u>	<u>47,833,267</u>
<b>As at 31 December 2021</b> (audited)	<b>Residential</b> <i>RMB'000</i>	<b>Commercial</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>Segment assets</b>	42,553,703	15,504,840	58,058,543
<i>Reconciliation:</i>			
Elimination of intersegment receivables			<u>(818,234)</u>
<b>Total assets</b>	<u>41,735,469</u>	<u>15,504,840</u>	<u>57,240,309</u>
<b>Segment liabilities</b>	36,124,020	9,771,245	45,895,265
<i>Reconciliation:</i>			
Elimination of intersegment payables			<u>(585,040)</u>
<b>Total liabilities</b>	<u>35,538,980</u>	<u>9,771,245</u>	<u>45,310,225</u>

## Geographical Information

### (a) Revenue from external customers

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Mainland China	5,059,401	1,965,735
Others	18,186	16,468
	<u>5,077,587</u>	<u>1,982,203</u>

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

### (b) Non-current assets

	30 June 2022 <i>RMB'000</i> (Unaudited)	31 December 2021 <i>RMB'000</i> (Audited)
	Mainland China	12,631,247
Japan	77,277	86,249
Others	56,631	78,762
	<u>12,765,155</u>	<u>13,041,018</u>

The non-current assets information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and deferred tax assets.

## Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the six months ended 30 June 2022 and 2021.

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

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

	For the six months ended 30 June	
	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
Revenue from contracts with customers	5,047,295	1,922,732
Revenue from other sources		
Gross rental income from investment property operating leases	30,292	59,471
	<u>5,077,587</u>	<u>1,982,203</u>

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

##### For the six months ended 30 June 2022

Segments	Property	Property	Hotel	Total
	development	management and other services	operation	
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
<b>Types of goods or services</b>				
Sale of properties	4,744,071	-	-	4,744,071
Hotel operating income	-	-	99,847	99,847
Property management and other services	-	203,377	-	203,377
Total revenue from contracts with customers	<u>4,744,071</u>	<u>203,377</u>	<u>99,847</u>	<u>5,047,295</u>
<b>Timing of revenue recognition</b>				
At a point in time	4,744,071	-	99,847	4,843,918
Over time	-	203,377	-	203,377
Total revenue from contracts with customers	<u>4,744,071</u>	<u>203,377</u>	<u>99,847</u>	<u>5,047,295</u>

For the six months ended 30 June 2021

Segments	Property development <i>RMB'000</i> (Unaudited)	Property management and other services <i>RMB'000</i> (Unaudited)	Hotel operation <i>RMB'000</i> (Unaudited)	Total <i>RMB'000</i> (Unaudited)
<b>Types of goods or services</b>				
Sale of properties	1,647,594	–	–	1,647,594
Hotel operating income	–	–	97,606	97,606
Property management and other services	–	177,532	–	177,532
Total revenue from contracts with customers	<u>1,647,594</u>	<u>177,532</u>	<u>97,606</u>	<u>1,922,732</u>
<b>Timing of revenue recognition</b>				
At a point in time	1,647,594	–	97,606	1,745,200
Over time	–	177,532	–	177,532
Total revenue from contracts with customers	<u>1,647,594</u>	<u>177,532</u>	<u>97,606</u>	<u>1,922,732</u>

**For the six months  
ended 30 June**

	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
<b>Other income</b>		
Subsidy income*	7,008	15,420
Interest income	42,300	26,855
Others	21,014	83,776
<b>Gains</b>	<u>70,322</u>	<u>126,051</u>
Foreign exchange gain	3,621	31
Gain on remeasurement of investments in joint ventures	100,563	–
Gain on disposal of items of property and equipment	4,385	–
Change in fair value of financial assets at fair value through profit or loss	–	62,693
	<u>108,569</u>	<u>62,724</u>
	<u>178,891</u>	<u>188,775</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):

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	2021
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of properties sold	<b>3,121,420</b>	1,101,482
Depreciation of property and equipment	<b>57,762</b>	45,267
Depreciation of right-of-use assets	<b>21,181</b>	36,464
Amortisation of other intangible assets	<b>868</b>	868
Lease payments not included in the measurement of lease liabilities	<b>22,483</b>	27,221
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	<b>188,272</b>	200,606
– Pension scheme contributions*	<b>30,674</b>	25,772
Direct operating expenses (including repairs and maintenance arising on rental-earning investment properties)	<b>2,612</b>	2,282
Foreign exchange differences, net	<b>(3,621)</b>	(31)
Loss on disposal of investment properties	–	1,523
Fair value losses/(gains), net:		
Changes in fair value of investment properties	<b>95,590</b>	13,786
Change in fair value of financial assets at fair value through profit or loss	<b>27,097</b>	(62,693)
Gain on disposal of items of property and equipment***	<b>(4,385)</b>	–
Gain on remeasurement of investments in joint ventures	<b>(100,563)</b>	–
Impairment of financial assets**	<b>2,360</b>	8,041
Impairment of property and equipment**	–	61,393
Gain on disposal of right of use assets***	–	(25,823)
	<b>_____</b>	<b>_____</b>

\* There are no forfeited contributions that may be used by the Group as employer to reduce the existing level of contributions.

\*\* Included in "Other expenses" in the condensed consolidated statement of profit or loss.

\*\*\* Included in "Other income and gains" in the condensed consolidated statement of profit or loss.

## 6. INCOME TAX EXPENSE

The Group's subsidiaries incorporated in Hong Kong, Canada and the United Kingdom are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong, Canada and the United Kingdom during the period (six months ended 30 June 2021: Nil).

The provision for the PRC income tax has been provided at the applicable income tax rate of 25% (six months ended 30 June 2021: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

The PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Current tax:		
PRC income tax for the period	<b>183,366</b>	145,399
PRC land appreciation tax for the period	<b>902,288</b>	100,405
Deferred tax	<b>(68,890)</b>	(48,757)
Total tax charge for the period	<b><u>1,016,764</u></b>	<b><u>197,047</u></b>

## 7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent of RMB137,659,000 (six months ended 30 June 2021: RMB12,430,000) and the weighted average number of ordinary shares of 5,635,809,800 (six months ended 30 June 2021: 5,635,809,800) in issue of shares during the period, as adjusted to reflect the rights issued during the period.

The calculations of basic earnings per share are based on:

	<b>For the six months ended 30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent	<b><u>137,659</u></b>	<b><u>12,430</u></b>
	<b>Number of shares</b>	
	<b>2022</b>	<b>2021</b>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the period	<b><u>5,635,809,800</u></b>	<b><u>5,635,809,800</u></b>

No adjustment has been made to the basic profit per share amount presented for the period ended 30 June 2022 and 2021 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the period ended 30 June 2022 (six months ended 30 June 2021: Nil).

## 8. TRADE RECEIVABLES

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

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within six months	<b>101,709</b>	98,880
Over six months but within one year	<b>15,511</b>	10,175
Over one year but within two years	<b>6,582</b>	6,655
Over two years but within three years	<b>2,779</b>	2,520
Over three years	<b>1,925</b>	1,378
	<b>128,506</b>	119,608
Impairment	<b>(8,639)</b>	(6,279)
	<b>119,867</b>	113,329

## 9. TRADE PAYABLES

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the payment due dates, is as follows:

	<b>30 June 2022 RMB'000 (Unaudited)</b>	31 December 2021 RMB'000 (Audited)
Within six months	<b>1,342,199</b>	1,796,918
Over six months but within one year	<b>350,458</b>	291,426
Over one year	<b>70,023</b>	43,200
	<b>1,762,680</b>	2,131,544

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

## 10. INTERIM DIVIDENDS

No dividend has been paid or declared by the Company for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Results

The unaudited consolidated revenue of the Group for the Period under review was about RMB5,077.6 million, representing an increase of about 156.2% from about RMB1,982.2 million for the corresponding period in 2021. The gross profit for the Period under review was about RMB1,726.1 million, representing an increase of about 174.7% from about RMB628.4 million for the corresponding period in 2021. Gross profit margin was about 34.0%, representing an increase of about 2.3 percentage points from about 31.7% for the corresponding period in 2021. The profit for the Period under review was about RMB70.2 million, representing an increase of about 106.5% from about RMB34.0 million for the corresponding period in 2021. The unaudited profit per share for the Period under review was RMB2.44 cents (earnings per share for the corresponding period in 2021: RMB0.22 cents).

The Board does not recommend the payment of interim dividend for the Period under review (corresponding period in 2021: nil)

### Industry Review

According to the National Bureau of Statistics of the PRC, in the first half of 2022, the gross domestic product (“GDP”) of China amounted to RMB56,264.2 billion, representing an increase of 2.5% as compared with that of 2021, based on comparable prices. The economy of China had overcome difficulties and maintained growth, and its economic development has shown a trend of stabilization and recovery.

In the first half of 2022, the nationwide investment in property development amounted to RMB6,831.4 billion, representing a decline of 5.4% as compared with the corresponding period of last year. Among which, residential investment amounted to RMB5,180.4 billion, representing a decline of 4.5%. In the first half of 2022, the gross floor area (“GFA”) of commodity properties sold was 689.23 million sq.m., representing a decline of 22.2% as compared with the corresponding period of last year. Among which, the decline of GFA of residential properties sold was 26.6 %, while the growth of GFA of office buildings sold and commercial business properties sold were 15.8% and 8.9% respectively. The sales of commodity properties amounted to RMB6,607.2 billion, representing a decline of 28.9%. Among which, the decline of sales of residential properties was 31.8%, while the growth of sales of office buildings and commercial business properties were 10.4% and 0.3% respectively.

In the first half of 2022, the land area purchased by property development enterprises was 36.28 million sq.m., representing a decline of 48.3% as compared with the corresponding period of last year; the premium of land transactions amounted to RMB204.3 billion, representing a decline of 46.3% as compared with the corresponding period of last year. The area under construction by property development enterprises was 8,488.12 million sq.m., representing a decline of 2.8% as compared with the corresponding period of last year. Among which, the area under construction for residential properties was 5,994.29 million sq.m., representing a decline of 2.9%. The area of newly commenced properties was 664.23 million sq.m., representing a decline of 34.4% as compared with that of last year. Among which, the area of newly commenced residential properties was 488.00 million sq.m., representing a decline of 35.4% as compared with the corresponding period of last year. The completed construction area of properties was 286.36 million sq.m., representing a decline of 21.5% as compared with the corresponding period of last year. Among which, the completed construction area of residential properties was 208.58 million sq.m., representing a decline of 20.6% as compared with the corresponding period of last year. At the end of June in 2022, the area of commodity properties pending for sale was 547.84 million sq.m., representing an increase of 7.3% as compared with the corresponding period of last year. Among which, the area of residential properties pending for sale increased by 13.5%, the area of office buildings pending for sale increased by 3.8% and the area of commercial business properties pending for sale decreased by 3.2% as compared with the corresponding period last year.

## **FINANCIAL ANALYSIS**

### **Revenue**

During the Period under review, the revenue generated from the sales of properties amounted to about RMB4,744.1 million, which represented an increase of about 187.9% from about RMB1,647.6 million for the corresponding period in 2021. The increase was mainly due to the increase of properties delivered during the Period under review as compared to the corresponding period of last year.

The revenue from property leasing amounted to about RMB30.3 million (corresponding period in 2021: approximately RMB59.5 million), representing a decrease of about 49.1%. The hotel operation of the Group recorded a revenue of about RMB99.8 million (corresponding period in 2021: approximately RMB97.6 million), representing an increase of about 2.3%. The Group's property management and other services recorded a revenue of about RMB203.4 million (corresponding period in 2021: approximately RMB177.5 million), representing an increase of about 14.6%.

### **Cost of sales**

During the Period under review, the Group's cost of sales was approximately RMB3,351.5 million, which represented an increase of about 147.6% from about RMB1,353.8 million for the corresponding period in 2021. The increase was due to the increase of properties delivered this period as compared to the corresponding period of last year.

### **Gross profit**

During the Period under review, the gross profit of the Group amounted to about RMB1,726.1 million (corresponding period in 2021: approximately RMB628.4 million), representing an increase of about 174.7%. Gross profit margin was about 34.0% (corresponding period in 2021: approximately 31.7%), increased by about 2.3 percentage points. The increase in gross profit was mainly due to the increase of properties delivered this period as compared to the corresponding period of last year.

### **Other income and gains**

During the Period under review, other income and gains amounted to RMB178.9 million (corresponding period in 2021: RMB188.8 million), representing a decrease of about 5.2%. The decrease was mainly due to the gains on change in fair value of financial assets at fair value through profit or loss in the same period of last year, with no corresponding gain during the Period.

### **Selling and distribution expenses**

During the Period under review, the selling and distribution costs of the Group decreased from about RMB137.8 million for the corresponding period in 2021 to about RMB126.9 million, representing a decrease of about 7.9%.

### **Administrative expenses**

During the Period under review, the administrative expenses of the Group decreased from about RMB317.3 million for the corresponding period in 2021 to about RMB311.2 million, representing a decrease of about 1.9%.

### **Other expenses**

During the Period under review, the other expenses of the Group increased from about RMB90.1 million for the corresponding period in 2021 to about RMB92.9 million, representing an increase of about 3.1%.

### **Finance costs**

During the Period under review, the finance costs of the Group decreased from about RMB118.5 million for the corresponding period in 2021 to about RMB102.9 million, representing a decrease of about 13.2%. This is mainly due to the increase of capitalized interest amount during the Period.

### **Income tax expenses**

During the Period under review, the income tax expenses of the Group increased from about RMB197.0 million for the corresponding period in 2021 to about RMB1,016.8 million, representing an increase of about 416.1%. This is primarily due to the increase of profit of tax and provision of LAT during the Period.

### **Earnings**

The profit for the Period under review was about RMB70.2 million (corresponding period in 2021: approximately RMB34.0 million), representing an increase of about 106.5%. During the Period under review, the profit attributable to owners of the Company was about RMB137.7 million (corresponding period in 2021: approximately RMB12.4 million).

## Contracted sales

During the Period under review, the contracted GFA sold by the Group was about 277,342 sq.m. with the amount of about RMB5,266.1 million. Set out below are the details of the contracted GFA sold from the Group's projects:

Projects	City	Contracted GFA sold <i>sq.m.</i>	Contracted amount <i>RMB million</i>	% of interest attributable to the Group
	<b>Zhejiang</b>			
Nan Hu Ming Yu	Hangzhou	287	10.4	59.9%
Cloud Land	Hangzhou	–	0.4	90.0%
Xiaoshan Lotus Mansion	Hangzhou	586	22.7	90.0%
Shunyuan Mansion	Hangzhou	120	2.3	90.0%
Fashion Color City	Hangzhou	3,368	65.0	59.4%
Others (Residential)	Hangzhou	5,899	89.6	90.0%
International Office Centre (IOC)A2	Hangzhou	5,580	218.4	66.0%
Xixi New City	Hangzhou	444	13.3	66.0%
Ruiyuan Mansion	Hangzhou	16,767	348.8	90.0%
Chun'an Lotus Mansion	Hangzhou	14,687	138.3	100.0%
Others (Commercial)	Hangzhou	6,378	78.2	59.4%
Lin Qi Yun Fu	Hangzhou	4,523	78.0	22.5%
Majestic Mansion	Hangzhou	–	0.7	18.0%
Chenhan Mansion	Hangzhou	–	18.4	22.5%
Yunqiqiling	Hangzhou	4,981	88.2	36.0%
Xinnongdu	Hangzhou	19,775	223.6	25.3%
Guyue Mansion	Shaoxing	3,446	162.9	90.0%
Tang Song He Ming	Shaoxing	14,032	630.1	44.1%
Jade Mansion	Ningbo	–	2.6	90.0%

<b>Projects</b>	<b>City</b>	<b>Contracted GFA sold <i>sq.m.</i></b>	<b>Contracted amount <i>RMB million</i></b>	<b>% of interest attributable to the Group</b>
Zhong An Times Square Phase II	Ningbo	–	0.3	61.4%
Cixi New City	Ningbo	2,204	17.3	59.4%
Chaoyue Mansion	Ningbo	9,372	233.8	90.0%
Ruyi Mansion	Zhoushan	18,402	220.4	90.0%
Typha Lotus Garden	Yiwu	–	9.5	58.5%
Xiuhu Lotus Garden	Yiwu	16,279	719.6	58.5%
Chaoming	Yiwu	4,485	88.3	31.5%
Baolong House	Yiwu	–	20.6	31.5%
Comphor Tree Bay	Lishui	19	7.8	90.0%
Jiang Lin Mansion	Lishui	14	0.7	31.5%
Cloud Chen Square	Quzhou	16,107	248.5	45.9%
Heyuan Mansion	Taizhou	11,368	187.1	90.0%
Taizhou Future City	Taizhou	12,929	251.5	90.0%
Shunyuan Mansion	Wenzhou	5,377	148.5	90.0%
Wenzhou Future Center	Wenzhou	13,880	214.5	45.0%
Casa Banyan	Wenzhou	108	2.6	21.6%
Sky Tree (Residential)	Wenzhou	17,781	291.6	22.5%
<b>Shandong</b>				
Qingdao New City	Qingdao	1,777	15.7	100.0%
Zhong An Future City	Qingdao	4,581	38.7	90.0%
<b>Jiangsu</b>				
Nanjing Future Mansion	Nanjing	6,158	39.0	90.0%
Jiangyin Future Mansion	Wuxi	1,501	25.1	90.0%
<b>Anhui</b>				
Vancouver City	Huaipei	33,348	278.3	100.0%
<b>Yunnan</b>				
Yunxing Imperial Palace	Kunming	779	14.8	49.5%
		<u>277,342</u>	<u>5,266.1</u>	

## Recognised sales

During the Period under review, the recognised GFA sold by the Group was about 210,028 sq.m. with the amount of about RMB4,744.1 million. Set out below are the details of the recognised GFA sold from the Group's projects:

Projects	City	Recognised GFA sold <i>sq.m.</i>	Recognised amount <i>RMB million</i>	% of interest attributable to the Group
<b>Zhejiang</b>				
Hidden Dragon Bay	Hangzhou	5,299	59.7	61.1%
International Office Centre (IOC)A3	Hangzhou	327	6.4	66.0%
White Horse Manor	Hangzhou	540	14.6	90.0%
Ideal Bay	Hangzhou	–	2.8	45.9%
Nan Hu Ming Yu	Hangzhou	189,903	4,514.8	59.9%
College Square	Hangzhou	129	2.2	90.0%
Xixi Future Square	Hangzhou	315	10.9	90.0%
Jade Mansion	Yuyao	433	12.4	93.0%
Cixi Landscape Garden	Cixi	131	1.4	90.0%
Cixi New City	Ningbo	886	6.2	59.4%
Typha Lotus Garden	Yiwu	1,152	18.5	58.5%
Comphor Tree Bay	Lishui	358	12.2	90.0%
<b>Anhui</b>				
Vancouver City	Huaibei	4,108	29.5	100.0%
<b>Shandong</b>				
Qingdao New City	Qingdao	6,448	52.5	100.0%
		210,028	4,744.1	

The average property sales price per sq.m. achieved by the Group for the Period under review was about RMB22,588 (corresponding period in 2021: approximately RMB14,321), representing an increase of about 57.7%. The average sales cost per sq.m. was about RMB14,769 (corresponding period in 2021: approximately RMB9,574), representing an increase of about 54.3%.

## Land reserve

During the Period under review, the Group acquired 7 new parcels of land with a total GFA of approximately 523,903 sq.m., at a total consideration of approximately RMB4.885 billion. The average land cost of the new land parcels was approximately RMB9,323 per sq.m..

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

As of June 2022, the total GFA of the Group's land bank was about 10.44 million sq.m., the average acquisition cost of the Group's overall land bank was about RMB3,229 per sq.m..

This sizable land bank is sufficient for development by the Group in more than five years.

## Capital structure

As at 30 June 2022, 5,635,809,800 shares in the Company were in issue (as at 31 December 2021: 5,635,809,800 shares).

As at 30 June 2022, the Group had total assets of approximately RMB60,019.7 million (as at 31 December 2021: approximately RMB57,240.3 million) which were financed by current liabilities of approximately RMB33,833.0 million (as at 31 December 2021: approximately RMB30,848.8 million), non-current liabilities of approximately RMB14,000.2 million (as at 31 December 2021: approximately RMB14,461.4 million) and shareholders' equity of approximately RMB12,186.4 million (as at 31 December 2021: approximately RMB11,930.1 million).

As at 30 June 2022, the Group had an aggregate amount of cash and cash equivalents and restricted cash of about RMB7,230.2 million (as at 31 December 2021: RMB7,895.7 million).

As at 30 June 2022, the Group's interest-bearing bank and other borrowings amounted to approximately RMB17,329.7 million (as at 31 December 2021: approximately RMB16,993.9 million).

The maturity profile of the borrowings was as follows:

	<b>As at 30 June 2022 RMB'000 (Unaudited)</b>	<b>As at 31 December 2021 RMB'000 (Audited)</b>
Within 1 year or on demand	<b>4,389,326</b>	3,618,903
Over 1 year but within 2 years	<b>5,481,331</b>	7,608,194
Over 2 years but within 5 years	<b>6,887,282</b>	4,715,491
Over 5 years	<b>571,780</b>	1,051,273
	<b><u>17,329,719</u></b>	<b><u>16,993,861</u></b>

Interest-bearing bank and other borrowings bear interest at fixed rates and floating rates. As at 30 June 2022, the Group's interest-bearing bank and other borrowings bore an average effective interest rate of 5.80% per annum (corresponding period in 2021: 6.20% per annum).

The denominated amounts of the borrowings were as follows:

	<b>As at 30 June 2022 <i>RMB'000</i> (Unaudited)</b>	As at 31 December 2021 <i>RMB'000</i> (Audited)
Renminbi	<b>17,327,014</b>	16,990,633
GBP	<b>2,705</b>	3,228
	<b><u>17,329,719</u></b>	<u>16,993,861</u>

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.37 (as at 31 December 2021: approximately 1.41). The ratio of interest-bearing bank and other borrowings to total assets was 0.29 (as at 31 December 2021: 0.30). The net gearing ratio of the Group (defined as net debt divided by total equity) was 0.83 (as at 31 December 2021: 0.76) (net debt is defined as total interest-bearing bank and other borrowings less cash and cash equivalent and total restricted cash). The Group always adopts a prudent financial policy in its operation and business development.

### **Capital commitments**

As at 30 June 2022, the Group had capital commitments of about RMB8,958.2 million (as at 31 December 2021: approximately RMB6,984.0 million), mainly in respect of property development expenditure. It is expected that the Group will finance such commitments from its own funds, cash proceeds from sales and external financing (such as bank loans).

## **Contingent liabilities**

As at 30 June 2022, the contingent liabilities of the Group was about RMB10,230.0 million (as at 31 December 2021: approximately RMB7,438.2 million), which were guarantees provided by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties.

## **Pledge of assets**

As at 30 June 2022, investment properties of the Group with carrying value of about RMB2,860.5 million (as at 31 December 2021: approximately RMB2,681.6 million), properties under development of about RMB28,196.2 million (as at 31 December 2021: approximately RMB24,189.0 million), completed properties held for sale of about RMB680.9 million (as at 31 December 2021: approximately RMB823.7 million), property and equipment of about RMB1,181.6 million (as at 31 December 2021: approximately RMB1,185.5 million), restricted cash of about RMB89.4 million (as at 31 December 2021: approximately RMB64.1 million), 100% equity interest in certain subsidiaries of the Group of about RMB40.0 million (as at 31 December 2021: 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 financing of the Group in the Period under review and the corresponding period 2021 were made mainly in RMB, the foreign exchange risk exposed to the Group was relatively minor. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in both periods.

## **Interest rate risk**

The interest rates for certain portion of the Group's loans were floating. Upward fluctuations in interest rates will increase the interest cost of new loans and existing loans. Given that certain portion of loans are RMB loans and the stable domestic economic situation of the PRC, the Group currently does not use derivative instruments to hedge its interest rate risks.

## **Human resources**

As at 30 June 2022, the Group employed a total of 5,221 staff (As at 30 June 2021: 4,816 staff). During the Period under review, the staff cost of the Group was about RMB218.9 million (corresponding period in 2021: about RMB226.4 million), representing a decrease of about 3.3%.

The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal on a yearly basis for its employees, the results of which are taken into account in the annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual discretionary bonus according to certain performance conditions and appraisal results. To attract high calibre people and solidify the management of the Group, eligible participants (including employees of the Group) may be granted options to subscribe for shares in the Company pursuant to the share option scheme adopted by the Company. The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain the attraction of the Company for talents and their competitiveness in the market.

## **Dividend policy**

The Company may distribute dividends by way of cash or by other means that the Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of the Board and, where applicable, the approval of the shareholders of the Company (the "**Shareholders**"). The Board will consider various factors before declaring or recommending any payment of dividends. These factors include the results of operation of the business of the Group, the retained earnings and distributable reserves of the Company and each of the members of the Group, the Group's actual and expected financial performance, the general business conditions and strategies, the Group's expected working capital requirements and future expansion plans, the general economic conditions and business cycle of the Group's business, the future prospects of the business of the Group, Shareholders' interests, statutory and regulatory restrictions on the payment of dividend and other internal or external factors that the Board deems appropriate.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2022 (corresponding period in 2021: Nil).

### **Events after the reporting period**

There were no events which caused material impact on the Group after 30 June 2022 and up to the date of this announcement.

## **PROSPECTS**

With gradual control of the COVID-19 epidemic and further implementation of various policies to stabilize the economy, the economy is expected to maintain the momentum of recovery in the second half of the year. The development of the real estate market will continue to focus on stability. The Group will adhere to the positioning of “housing is for accommodation, not for speculation” and formulate city-specific policies. Loose monetary policy, counter-cyclical adjustment of real estate financial policy, and the application of a series of market stabilization measures such as the local government property market policy toolbox will help maintain stable and healthy development of the real estate market.

The Yangtze River Delta City Circle has strong economic strength and economic purchasing power and is still in a leading position in the industry. The Group will maintain a prudent view in the short term and an optimistic view in the long term, and leverage on its strong brand name in the Yangtze River Delta region to actively seize market opportunities. While carrying out deep regional cultivation and hard work, the Group will actively reserve abundant resources for the future development of the Group. The Group will also strive to reduce costs and enhance efficiency, consolidate its internal strength, and accelerate the capitalization process of certain segments to drive the development of its diversified segments and comprehensively enhance the Group’s overall strength.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the Period under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

## **DIRECTORS' SECURITIES TRANSACTIONS**

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

## **CORPORATE GOVERNANCE**

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

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

## **AUDIT COMMITTEE**

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

Ernst & Young, the external auditor of the Company, had reviewed the unaudited consolidated interim results of the Group during the Period under review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

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

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

The PRC, 25 August 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.*