中梁控股集团
ZHONGLIANG HOLDINGS GROUP

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

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

2023 FINAL RESULTS HIGHLIGHTS

- Contracted sales (including the Group's subsidiaries, joint ventures and associates) amounted to approximately RMB34.13 billion, decreased year-on-year by approximately 48.3%
- Total revenue amounted to approximately RMB66.6 billion, increased year-on-year by approximately 69.4%
- Net loss attributable to owners amounted to approximately RMB4.2 billion, as compared to net loss attributable to owners of approximately RMB1.3 billion for previous year
- Total interest-bearing indebtedness reduced to approximately RMB21.2 billion and net gearing ratio of 39.8%*
- The offshore debts holistic solution came into effect on 20 March 2024

* *As at 31 December 2023*

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Zhongliang Holdings Group Company Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
REVENUE	*3*	**66,615,080**	39,329,414
Cost of sales		**(63,430,455)**	(35,827,719)
GROSS PROFIT		**3,184,625**	3,501,695
Other income and gains	*3*	**95,503**	362,883
Selling and distribution expenses		**(896,566)**	(1,642,922)
Administrative expenses		**(1,252,796)**	(1,597,314)
Impairment losses on financial assets, net	*5*	**(422,772)**	(475,073)
Other expenses		**(890,817)**	(927,340)
Fair value losses on investment properties		**(102,575)**	(7,921)
Fair value gains/(losses) on financial assets at fair value through profit or loss		**2,736**	(165,403)
Finance income		**69,100**	246,820
Finance costs	*4*	**(310,492)**	(397,178)
Share of profits and losses of:			
Joint ventures		**599,529**	518,863
Associates		**322,625**	348,130
PROFIT/(LOSS) BEFORE TAX	*5*	**398,100**	(234,760)
Income tax expense	*6*	**(3,316,886)**	(1,386,479)
LOSS FOR THE YEAR		**(2,918,786)**	(1,621,239)

		For the year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
Attributable to:			
Owners of the parent		**(4,245,658)**	(1,346,384)
Non-controlling interests		**1,326,872**	(274,855)
		(2,918,786)	(1,621,239)

LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Basic and diluted			
— For loss for the year	*8*	**RMB(1.22)**	RMB(0.39)

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the year ended 31 December	
	2023	2022
	RMB'000	*RMB'000*
LOSS FOR THE YEAR	**(2,918,786)**	(1,621,239)
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(9,275)**	(60,031)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	**(9,275)**	(60,031)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(9,275)**	(60,031)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(2,928,061)**	(1,681,270)
Attributable to:		
Owners of the parent	**(4,254,933)**	(1,406,415)
Non-controlling interests	**1,326,872**	(274,855)
	(2,928,061)	(1,681,270)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		For the year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**34,309**	60,487
Right-of-use assets		**4,055**	40,713
Investment properties		**1,508,800**	1,543,700
Other intangible assets		**1,198**	5,251
Investments in joint ventures		**5,333,585**	4,667,553
Investments in associates		**14,824,400**	16,828,180
Deferred tax assets		**1,569,841**	2,936,545
Total non-current assets		**23,276,188**	26,082,429
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**37,002**	34,266
Properties under development		**69,283,257**	112,418,842
Completed properties held for sale		**26,440,141**	24,696,306
Trade receivables	*9*	**7,857**	7,751
Due from related companies		**10,700,345**	13,344,135
Prepayments and other receivables		**38,170,206**	41,625,083
Tax recoverable		**2,190,509**	3,024,078
Cash and bank balances		**10,662,500**	16,585,989
Total current assets		**157,491,817**	211,736,450

		For the year ended 31 December	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*10*	**25,614,187**	21,019,046
Other payables and accruals		**23,390,513**	24,515,740
Lease liabilities		**2,752**	21,410
Contract liabilities		**65,018,077**	113,837,210
Due to related companies		**14,633,537**	16,653,749
Interest-bearing bank and other borrowings		**11,486,249**	11,341,143
Tax payable		**4,011,904**	2,863,201
Provision for financial guarantee contracts		**409,596**	236,839
Senior notes		**6,564,246**	6,501,799
Total current liabilities		**151,131,061**	196,990,137
NET CURRENT ASSETS		**6,360,756**	14,746,313
TOTAL ASSETS LESS CURRENT LIABILITIES		**29,636,944**	40,828,742
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**3,115,353**	8,892,210
Lease liabilities		**1,376**	24,066
Deferred tax liabilities		**121,225**	538,328
Total non-current liabilities		**3,237,954**	9,454,604
NET ASSETS		**26,398,990**	31,374,138
EQUITY			
Equity attributable to owners of the parent			
Share capital		**31,450**	31,450
Reserves		**6,858,008**	11,080,374
		6,889,458	11,111,824
Non-controlling interests		**19,509,532**	20,262,314
TOTAL EQUITY		**26,398,990**	31,374,138

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

2.1 BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Going Concern Basis

The Group recorded a net loss of RMB2,918,786,000 for the year ended 31 December 2023. As at 31 December 2023, the Group's total interest-bearing bank and other borrowings and senior notes amounted to RMB21,165,848,000, out of which RMB18,050,495,000 will be due for repayment within the next twelve months (including senior notes of RMB6,564,246,000, other offshore debts of RMB1,781,298,000 and other interest-bearing bank and other borrowings of RMB2,249,157,000 which had not been repaid according to their scheduled repayment dates), while its cash and cash equivalents amounted to RMB7,238,809,000. As at 31 December 2023, the default of certain interest-bearing bank and other borrowings triggered certain long term interest-bearing bank and other borrowings amounting to RMB533,475,000 becoming repayable on demand.

The Company has been exploring a holistic solution for its offshore debts since 2022, and schemes for the holistic solution came into effect on 20 March 2024 with all conditions satisfied under the holistic solution, as a result, all outstanding scheme debts including the Company's default senior notes with an aggregate amount of principal of RMB6,564,246,000 and interest of RMB834,295,000 and other default offshore debts with an aggregate amount of principal of RMB1,781,299,000 and interest of RMB479,258,000 were cancelled and all guarantees in connection with the scheme debts were released. New convertible bonds and new senior notes were issued, new facility agreement was signed and became effective in accordance with their terms, and maturity date is 3.5 years from 1 January 2024, with mandatory redemption on specified dates no earlier than 1 January 2025. For more details, please refer to the announcements of the Company dated 13 November 2022, 22 November 2022, 17 February 2023, 1 June 2023, 16 July 2023, 14 August 2023, 4 September 2023, 20 November 2023, 18 December 2023, 11 January 2024, 16 January 2024, 9 February 2024, 23 February 2024, 18 March 2024 and 20 March 2024 in relation to, among other things, the holistic solution and the scheme. Taking the above into consideration, the Group's total interest-bearing bank and other borrowings amounted to RMB9,704,950,000 will be due for repayment within the next twelve months from 31 December 2023.

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

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

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

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

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

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

(f) the Group will continue to negotiate with construction contractors and other development vendors to manage payment schedules; and

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

The directors of the Company are of the opinion that, taking into account the above plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the following twelve months from 31 December 2023. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2023 on a going concern basis.

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

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

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

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

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

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

(vi) successfully manage the payments to construction contractors and other development vendors; and

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

The Group has early applied the amendments on temporary differences related to leases. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets, with cumulative effect recognised as an adjustment to the balances of retained profits and non-controlling interests at that date. The amendments did not have any significant impact on the Group's financial statements.

(d) Amendments to IAS 12 International Tax Reform — Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers	**66,600,928**	39,317,201
Revenue from other sources		
Property lease income	**14,152**	12,213
Total	**66,615,080**	39,329,414

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2023	2022
	RMB'000	*RMB'000*
Types of goods or services		
Sale of properties	**66,466,526**	39,169,158
Other services	**134,402**	148,043
Total revenue from contracts with customers	**66,600,928**	39,317,201
Timing of revenue recognition		
Sale of properties transferred at a point in time	**66,466,526**	39,169,158
Services transferred over time	**134,402**	148,043
Total revenue from contracts with customers	**66,600,928**	39,317,201

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

	2023	2022
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**55,333,292**	34,159,660

(ii) ***Performance obligations***

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

Sale of properties

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

Provision of services

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

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

	2023	2022
	RMB'000	*RMB'000*
Amounts expected to be recognised as revenue		
Within one year	**37,475,350**	59,236,583
After one year	**66,380,349**	93,139,417
Total	**103,855,699**	152,376,000

The above amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the sale of properties that are to be satisfied within three years. As 31 December 2023, the aggregate amount of transaction prices allocated to the remaining performance obligations relate to the provision of services is RMB254,184,000, which is expected to be recognised as revenue over three years. The amounts disclosed above do not include variable consideration which is constrain.

	2023	2022
	RMB'000	*RMB'000*
Other income and gains		
Gains on payable settlement	**33,268**	16,685
Forfeiture of deposits	**32,350**	35,810
Government grants	**6,806**	25,137
Gain on disposal of subsidiaries	**—**	280,564
Remeasurement of financial guarantee contracts	**—**	1,867
Others	**23,079**	2,820
Total other income and gains	**95,503**	362,883

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on bank loans and other borrowings, senior notes and proceeds from asset-backed securities	**1,436,902**	1,807,885
Interest expense arising from revenue contracts	**597,719**	1,211,746
Interest on lease liabilities	**673**	2,302
Total interest expense on financial liabilities not at fair value through profit or loss	**2,035,294**	3,021,933
Interest capitalised	**(1,724,802)**	(2,624,755)
Total	**310,492**	397,178

5. PROFIT/(LOSS) BEFORE TAX

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

	2023	2022
	RMB'000	*RMB'000*
Cost of properties sold	**61,036,997**	33,519,437
Cost of services provided	**31,751**	53,483
Impairment losses recognised for properties under development	**2,008,965**	1,137,910
Impairment losses recognised for completed properties held for sale	**750,890**	540,536
Impairment losses written off for completed properties held for sale	**(398,148)**	(434,799)
Depreciation of property, plant and equipment	**30,956**	31,395
Depreciation of right-of-use assets	**39,962**	43,921
Amortisation of other intangible assets	**9,879**	9,859
Lease payments not included in the measurement of lease liabilities	**19,198**	5,964
Auditor's remuneration	**10,400**	13,000
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**794,034**	1,263,705
Pension scheme contributions and social welfare	**105,451**	140,109
Equity-settled share option expenses	**(4,666)**	(4,002)
Foreign exchange differences, net	**176,375**	591,416
Impairment losses on of financial assets, net	**422,772**	475,073
Changes in provision for financial guarantee contracts	**169,230**	(1,867)
Loss/(gain) on disposal of subsidiaries	**123,680**	(280,564)
Loss on disposal of joint ventures and associates	**173,630**	66,769
Gain on disposal of items of property, plant and equipment	**474**	954

6. INCOME TAX

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

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

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Chinese Mainland tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	2023	2022
	RMB'000	*RMB'000*
Current tax:		
PRC corporate income tax	**1,370,188**	489,884
PRC LAT	**956,517**	452,747
Deferred tax	**990,181**	443,848
Total tax charge for the year	**3,316,886**	1,386,479

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

	2023	2022
	RMB'000	*RMB'000*
Profit/(loss) before tax	**398,100**	(234,760)
At the statutory income tax rate	**99,525**	(58,690)
Profits and losses attributable to joint ventures and associates	**(230,539)**	(216,748)
Expenses not deductible for tax	**648,325**	48,689
Tax losses utilised from previous years	**(85,094)**	(88,128)
Tax losses not recognised	**1,333,848**	603,655
Deductible temporary differences not recognised	**833,433**	758,141
Provision for LAT	**956,517**	452,747
Tax effect on LAT	**(239,129)**	(113,187)
Tax charge at the Group's effective rate	**3,316,886**	1,386,479

The share of tax attributable to joint ventures and associates amounting to RMB199,843,000 (2022: RMB172,954,000) and RMB107,542,000 (2022: RMB116,043,000), respectively, is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Tax payable in the consolidated statement of financial position represents:

	2023	2022
	RMB'000	*RMB'000*
Tax payable		
PRC CIT payable	**2,545,340**	1,723,220
PRC LAT payable	**1,466,564**	1,139,981
Total tax payable	**4,011,904**	2,863,201

7. DIVIDENDS

The Board does not recommend a final dividend for the year ended 31 December 2023 (2022: Nil).

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,492,670,410 (2022: 3,492,670,410) in issue during the year.

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

The calculation of the basic loss per share amounts is based on:

	2023	2022
	RMB'000	*RMB'000*
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**(4,245,658)**	(1,346,384)

	Number of shares	
	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,492,670,410**	3,492,670,410
Effect of dilution — weighted average number of ordinary shares		
Share options	**(148,903,704)***	(56,925,000)*
Total	**3,343,766,706***	3,435,745,410*

* Because the diluted loss per share amount is increased when taking share options into account, the share options had an anti-dilutive effect and were ignored in the calculation of diluted loss per share. Therefore, the diluted loss per share amount is based on the loss attributable to ordinary equity holders of the parent of RMB4,245,658,000 for the year, and the weighted average number of ordinary shares of 3,492,670,410 in issue during the year.

9. TRADE RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**7,857**	7,751
Impairment	**—**	—
	7,857	7,751

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

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

	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**7,857**	7,751
Over 1 year	**—**	—
	7,857	7,751

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

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

10. TRADE AND BILLS PAYABLES

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

	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**9,910,634**	15,416,547
Over 1 year	**15,703,553**	5,602,499
	25,614,187	21,019,046

Trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction. As at 31 December 2023, commercial acceptance bills of approximately RMB193,166,000 issued by the Company's subsidiaries were overdue and unpaid.

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

CHAIRMAN'S STATEMENT

Dear Shareholders,

I am pleased to present to you the business review of the Group for the year ended 31 December 2023 and its outlook for 2024.

DIVIDEND

The Board of the Company resolved that no final dividend would be declared for the year ended 31 December 2023.

FINAL RESULTS

For the year ended 31 December 2023, the Group's recognized revenue amounted to approximately RMB66.62 billion, representing a year-on-year increase of approximately 69.4%. Taking into account the impairment losses on various assets, fair value losses from the valuation of investment properties and foreign exchange loss, the Group recorded a loss attributable to owners of the Company of approximately RMB4.25 billion for the year ended 31 December 2023, as compared to a loss attributable to owners of the Company of approximately RMB1.35 billion for the previous year.

REVIEW OF 2023

Market review

Looking back on 2023, the global economic environment was full of uncertainties, and US and European central banks continued interest rates hike to control liquidity, increasing the risk of economic recession. Geopolitical conflicts were intensified, adding uncertainty to the global supply chains and economy. China's economy continues to recover, with annual GDP growth rate at 5.2%. The government continues to actively promote policies to boost growth and confidence.

In 2023, the overall market of China's real estate industry was in sustained down-trend with severe challenges. Although the market rebounded briefly at the beginning of the year, market still lacked confidence and the rebound failed to sustain. Stimulus policies were introduced during the year, including relaxing home purchase restrictions in different cities and implementing financing mechanisms for developers to reduce their risks and protect projects delivery. However, homebuyers' confidence remained low. It is expected that real estate industry in China will take a long time to recover, and the operating environment will remain harsh.

Operating under the current rigorous industry environment, the Group adopted decisive measures and adhered to its strategies. The Group continued strengthening its operational control and efficiency, lowered its operating costs, secured property delivery and financial stability, and maintained its operating solvency, thereby demonstrating its resilience in its business.

The Group achieved contracted sales (including Group's subsidiaries, joint ventures and associates) of approximately RMB34.13 billion in 2023, representing a year-on-year decrease of approximately 48%. The Group retained its position as one of the Top 50 amongst Chinese real estate developers in terms of contracted sales in 2023, according to data published by the China Index Research Institute. The contracted ASP in 2023 was approximately RMB10,300 per sq.m., compared to approximately RMB10,500 per sq.m. in the previous year.

Property delivery

In order to ensure smooth property delivery, the Group strengthened its construction and contractor management, and maintained tight control of the property delivery process and mitigated delivery risks.

During the year 2023, the Group (including its joint ventures and associated companies) completed the delivery of more than 100,000 property units. The Group was one of the Top 15 amongst Chinese real estate developers in terms of number of property units delivered in 2023, according to data published by EH Consulting.

Land-banking

Due to the continued uncertainty of the Chinese real estate sector, the Group did not make any new purchases of land sites in 2023.

As at 31 December 2023, the Group (together with its joint ventures and associates) had a land bank with a total GFA (including sold GFA) of approximately 29.7 million sq.m., covering five core economic regions of China.

Liability management

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

The group's total interest-bearing debts were further lowered to approximately RMB21.17 billion as at 31 December 2023 (out of which onshore interest-bearing debts amounted to approximately RMB12.82 billion whereas offshore interest-bearing debts amounted to approximately RMB8.35 billion). Due to the current market condition, the liquidity of the Group is constrained. The aggregate cash and bank balances (including restricted cash and pledged deposits) of the Group was approximately RMB10.66 billion as at 31 December 2023. Under the current strict requirement of local government policies, substantially most of the Group's cash are under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under development.

With respect to its onshore debts, substantially most of the Group's onshore interest-bearing debts were loans with project pledges. The Group has been proactively working with onshore banks and lending institutions to extend the maturity at due dates of such onshore loans, and believes that the maturity risk of onshore loans would be manageable.

With respect to its offshore debts, the Company announced in November 2022 its holistic solution to its offshore debts situation ("**Holistic Solution**") and since then continuously held proactive and constructive dialogue with its offshore creditors. On 14 July 2023, the Company and members of the ad hoc group of consenting creditors ("**AHG**") entered into a restructuring support agreement ("**RSA**"), pursuant to which, the Company shall have the AHG's support for its Holistic Solution by way of scheme of arrangement ("**Scheme**") on the terms and subject to the conditions set out in the RSA. On 9 February 2024, the Company convened a Scheme meeting as directed by the High Court of the HKSAR (the "**Court**") and obtained the approval of the requisite majorities of the Scheme creditors. The Scheme was sanctioned by the court and became effective on 23 February 2024. On 20 March 2024, the Company announced that all conditions precedent were fulfilled and the restructuring took effect on the same date. The Holistic Solution alleviates the Company from the pressure of its offshore indebtedness. Under the Holistic Solution, new senior notes (the "**New Senior Notes**") and new convertible bonds (the "**New Convertible Bonds**") were issued and a new private loan (the "**New Private Loan**") was signed in exchange of the outstanding offshore debts plus relevant accrued and unpaid interest as at 31 December 2023. The New Senior Notes, the New Convertible Notes and the New Private Loan have extended final maturity with amortization of principal repayments during the terms of the new offshore debt, cash interest reduction and effective grace period of payment-in-kind.

OUTLOOK FOR 2024

Despite the current difficulties in the Chinese real estate market, the government's policy direction of recovering the market is imminent. The government is placing emphasis on adapting to the new normal of major changes in supply and demand in the real estate market, making timely adjustments and implementing strengthening policies in the real estate sector. The Political Bureau meeting of the CPC Central Committee held in December 2023 continued "seeking progress while maintaining stability" when setting the general tone for the economy in 2024. At the same time, it introduced "promoting stability through advancement, establishing first and then breaking", emphasizing the strengthening of countercyclical and across-cycles adjustment and continue to implement supportive measures for the economy and real estate sector, including introducing mechanism for developers to meet their financing needs reasonably, proposing to speed up the construction of "three major projects", supporting the "white list" of project financing, and relaxing home purchase restrictions in various degrees in different cities. The real estate market is in a period of transformation with government supportive policies are gradually implemented.

Looking forward to 2024, the market demand and confidence will remain low and it will take time to resolve the industry risks accumulated from previous years. It is expected that more stimulus measures and policies will be introduced. Proactive fiscal policies will keep promoting economic recovery and market confidence which is expected to gradually bottom out. The Group will continue to emphasize financial security, maintain operating liquidity, stabilize debt, control risks, ensure smooth delivery, save costs, strengthen organizational structure and efficiency to ensure that the Group can navigate the industry challenges.

APPRECIATION

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

YANG Jian
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted sales

During the year ended 31 December 2023, the Group (including its joint ventures and associates) achieved contracted sales of approximately RMB34.13 billion, representing a year-on-year decrease of approximately 48.3%. Contracted sales area amounted to approximately 3,302,000 sq.m., representing a year-on-year decrease of approximately 47.4%.

During the year, contracted ASP was approximately RMB10,300 per sq.m..

Table 1: Breakdown of contracted sales in 2023 (the Group's subsidiaries, joint ventures and associates)

By region

	Contracted sales *(RMB'000)*	% of total contracted sales *(%)*	Contracted GFA *(sq.m.)*	Contracted ASP *(RMB/sq.m.)*
Yangtze River Delta	13,057,261	38.3	987,762	13,219
Midwest China	10,141,753	29.7	1,260,554	8,045
Pan-Bohai Rim	5,429,244	15.9	505,084	10,749
Western Taiwan Straits	3,310,340	9.7	394,005	8,402
Pearl River Delta	2,190,615	6.4	154,234	14,203
Total	34,129,213	100.0	3,301,639	10,337

By city tier

	Contracted sales *(RMB'000)*	% of total contracted sales *(%)*	Contracted GFA *(sq.m.)*	Contracted ASP *(RMB/sq.m.)*
Second-tier cities(1)	13,651,701	40.0	1,033,740	13,206
Third-tier cities(2)	15,155,271	44.4	1,471,745	10,297
Fourth-tier cities(3)	5,322,241	15.6	796,154	6,685
Total	34,129,213	100.0	3,301,639	10,337

Notes:

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

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

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

Completed properties held for sale

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

As at 31 December 2023, the Group's completed properties held for sale was approximately RMB26,440.1 million, versus approximately RMB24,696.3 million as at 31 December 2022.

Projects under development

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

As at 31 December 2023, the Group's properties under development was approximately RMB69,283.3 million, versus approximately RMB112,418.8 million as at 31 December 2022.

Land bank

During the year ended 31 December 2023, there was no new land parcel acquired by the Group.

As at 31 December 2023, the Group's total land bank (including its subsidiaries, joint ventures and associates) was approximately 29.7 million sq.m., among which approximately 5.9 million sq.m. were completed properties available for sale/leasable and approximately 23.8 million sq.m. were under development or for future development.

Table 2: Breakdown of the Group's total land bank (including its subsidiaries, joint ventures and associates) as at 31 December 2023

By provinces and municipalities

	Number of projects	**Completed GFA available for sale/ leasable(1)** *(sq.m.)*	**Total GFA under development and held for future development** *(sq.m.)*	**Total land bank(2)** *(sq.m.)*	**% of total land bank** *(%)*
Anhui	34	1,196,391	2,471,723	3,668,114	12.3
Jiangsu	45	652,610	3,014,039	3,666,649	12.3
Zhejiang	29	413,355	1,646,472	2,059,827	7.0
Yangtze River Delta	**108**	**2,262,356**	**7,132,234**	**9,394,590**	**31.6**
Henan	21	468,506	1,740,318	2,208,824	7.4
Hunan	19	368,607	1,662,568	2,031,175	6.8
Yunnan	12	635,091	1,018,676	1,653,767	5.6
Chongqing	15	519,560	1,081,033	1,600,593	5.4
Hubei	12	256,075	1,237,479	1,493,554	5.0
Others	43	540,948	2,969,060	3,510,008	11.8
Midwest China	**122**	**2,788,787**	**9,709,134**	**12,497,921**	**42.0**
Shandong	34	113,859	2,665,115	2,778,974	9.4
Hebei	7	102,285	898,718	1,001,003	3.4
Others	9	5,294	944,165	949,459	3.2
Pan-Bohai Rim	**50**	**221,438**	**4,507,998**	**4,729,436**	**16.0**
Fujian	23	329,958	715,084	1,045,042	3.5
Others	5	—	697,650	697,650	2.4
Western Taiwan Straits	**28**	**329,958**	**1,412,734**	**1,742,692**	**5.9**
Guangdong	13	306,398	1,034,953	1,341,351	4.5
Pearl River Delta	**13**	**306,398**	**1,034,953**	**1,341,351**	**4.5**
Total	**321**	**5,908,937**	**23,797,053**	**29,705,990**	**100.0**

By City tiers

	Number of projects	Completed GFA available for sale/ leasable(1) (sq.m.)	Total GFA under development and held for future development (sq.m.)	Total land bank(2) (sq.m.)	% of total land bank (%)
Second-tier cities	113	2,028,596	8,067,302	10,095,898	34.0
Third-tier cities	155	2,700,260	11,556,632	14,256,892	48.0
Forth-tier cities	53	1,180,081	4,173,119	5,353,200	18.0
Total	**321**	**5,908,937**	**23,797,053**	**29,705,990**	**100.0**

By Region

	Number of projects	Completed GFA available for sale/ leasable(1) (sq.m.)	Total GFA under development and held for future development (sq.m.)	Total land bank(2) (sq.m.)	% of total land bank (%)
Yangtze River Delta	108	2,262,356	7,132,234	9,394,590	31.6
Midwest China	122	2,788,787	9,709,134	12,497,921	42.0
Pan-Bohai Rim	50	221,438	4,507,998	4,729,436	16.0
Western Taiwan Straits	28	329,958	1,412,734	1,742,692	5.9
Pearl River Delta	13	306,398	1,034,953	1,341,351	4.5
Total	**321**	**5,908,937**	**23,797,053**	**29,705,990**	**100.0**

Notes:

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

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

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2023, the Group derived its revenue from three business lines, namely (i) sales of properties; (ii) other services; and (iii) rental income from property lease. The revenue of the Group was primarily derived from the sales of properties in the PRC. The following table sets forth the details of the Group's revenue recognised by business line for the years indicated:

	For the year ended 31 December		Change in
	2023	2022	percentage
	RMB'000	*RMB'000*	%
Revenue			
Sales of properties	**66,466,526**	39,169,158	+69.7%
Other services	**134,402**	148,043	–9.2%
Rental income	**14,152**	12,213	+15.9%
Total	**66,615,080**	39,329,414	+69.4%

Revenue recognised from sales of properties

The Group recorded revenue from the sales of properties amounted to approximately RMB66,466.5 million for the year ended 31 December 2023, a year-on-year increase of approximately 69.7%, and recognised a year-on-year increase in the total recognised GFA by approximately 44.3% to 6,489,508 sq.m. for the year ended 31 December 2023. Recognised ASP was approximately RMB10,242 per sq.m. in the year ended 31 December 2023 versus approximately RMB8,708 per sq.m. in the previous year.

Table 3: Breakdown of recognised revenue from sales of properties

	For the year ended 31 December 2023			
	Revenue	**% to total revenue**	**Recognised GFA**	**Recognised ASP**
	RMB'000	*%*	*sq.m.*	*RMB/sq.m.*
Yangtze River Delta	**42,240,243**	**63.6**	**3,296,026**	**12,816**
Midwest China	**13,763,533**	**20.7**	**1,931,330**	**7,126**
Pan-Bohai Rim	**6,448,190**	**9.7**	**823,038**	**7,835**
Western Taiwan Straits	**3,154,394**	**4.7**	**347,366**	**9,081**
Pearl River Delta	**860,166**	**1.3**	**91,748**	**9,375**
Total	**66,466,526**	**100.0**	**6,489,508**	**10,242**

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

Cost of sales

The Group's cost of sales increased by approximately 77.0% from approximately RMB35,827.7 million for the year ended 31 December 2022 to approximately RMB63,430.5 million for the year ended 31 December 2023. Net impairment losses recognised for properties under development and completed properties held for sale of approximately RMB2,361.7 million were included in cost of sales for the year ended 31 December 2023, as compared to approximately RMB1,243.6 million for the previous year.

Gross profit and gross profit margin

Gross profit represents revenue less cost of sales. As a result of the foregoing, the Group's gross profit decreased by approximately 9.1% from approximately RMB3,501.7 million for the year ended 31 December 2022 to approximately RMB3,184.6 million for the year ended 31 December 2023.

The Group's gross profit margin decreased from 8.9% for the year ended 31 December 2022 to 4.8% for the year ended 31 December 2023, mainly because of lower ASP relative to the respective land acquisition costs in respect of property projects delivered and impairment on property projects during the year.

Other income and gains

The Group's other income and gains primarily include (i) gain on disposal of subsidiaries, joint ventures and associates; (ii) government grants; (iii) forfeiture of deposits; (iv) changes in provision for financial guarantee contracts; and (v) others, which mainly include sundry income. The Group's other income and gains decreased by approximately 73.7% from approximately RMB362.9 million for the year ended 31 December 2022 to approximately RMB95.5 million for the year ended 31 December 2023, primarily due to the absence of gain on disposal of subsidiaries in year 2023.

Selling and distribution expenses

The Group's selling and distribution expenses decreased year-on-year by approximately 45.4% to approximately RMB896.6 million for the year ended 31 December 2023, primarily due to the slow-down in marketing activities and less promotional expenses budget due to the impact of a weakened real estate market.

Administrative expenses

The Group's administrative expenses decreased year-on-year by approximately 21.6% to approximately RMB1,252.8 million for the year ended 31 December 2023. The decrease was generally due to the savings in staff costs and other administrative expenses during the year. The Group continued its tight cost control measures.

Other expenses and other net losses

The Group incurred other expenses of approximately RMB890.8 million for the year ended 31 December 2023, as compared to approximately RMB927.3 million for the year ended 31 December 2022. The decrease in other expenses was mainly due to the decrease in recognition of the foreign exchange losses.

The Group recorded an aggregate of other net losses of approximately RMB522.6 million including fair value losses on investment properties and net fair value/impairment losses on financial assets for the year ended 31 December 2023, as compared to an aggregate of other net losses of approximately RMB648.4 million for the previous year.

Finance income

The Group's finance income, which mainly represents bank interest income, decreased year-on-year by approximately 72.0% to approximately RMB69.1 million for the year ended 31 December 2023.

Finance costs

The Group's finance costs decreased year-on-year by approximately 21.8% to approximately RMB310.5 million for the year ended 31 December 2023.

The Group's total finance costs expensed and capitalised for the year ended 31 December 2023 was approximately RMB2,035.3 million, representing a year-on-year decrease of approximately 32.6%, which was due to the decrease in bank and other borrowings.

Share of profits of joint ventures and associates

The Group recorded share of profits of joint ventures of approximately RMB599.5 million for the year ended 31 December 2023, versus share of profits of joint ventures of approximately RMB518.9 million for the year ended 31 December 2022.

The Group recorded share of profits of associates of approximately RMB322.6 million for the year ended 31 December 2023, versus share of profits of associates of approximately RMB348.1 million for the year ended 31 December 2022.

On an aggregated basis, the Group's share of profits of joint ventures and associates amounted to approximately RMB922.1 million for the year ended 31 December 2023, representing a year-on-year increase of approximately 6.4%. The increase was primarily due to the increase in delivery of property projects held by the Group's joint ventures and associates during the year ended 31 December 2023.

Profit/(Loss) before tax

As a result of the aforementioned changes in the Group's financials, the Group recorded a profit before tax of approximately RMB398.1 million for the year ended 31 December 2023, as compared to a loss before tax of approximately RMB234.8 million for the year ended 31 December 2022.

Income tax expense

The Group's income tax expense comprises provisions made for corporate income tax and land appreciation tax in the PRC less deferred tax during the year. The Group's income tax expense increased by approximately 139.2% from approximately RMB1,386.5 million for the year ended 31 December 2022 to approximately RMB3,316.9 million for the year ended 31 December 2023.

Loss for the year and net loss attributable to the owners of the Company

As a result of the aforementioned changes in the Group's financials, the Group's net loss for the year (before deducting non-controlling interests) increased by approximately 80.0% from RMB1,621.2 million for the year ended 31 December 2022 to RMB2,918.8 million for the year ended 31 December 2023. The Group's loss for the year attributable to owners of the Company increased by approximately 215.3% from RMB1,346.4 million for the year ended 31 December 2022 to RMB4,245.7 million for the year ended 31 December 2023.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

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

Net current assets

As at 31 December 2023, the Group's net current assets amounted to approximately RMB6,360.7 million (31 December 2022: approximately RMB14,746.3 million). Specifically, the Group's total current assets decreased by approximately 25.6% from RMB211,736.4 million as at 31 December 2022 to RMB157,491.8 million as at 31 December 2023. The Group's total current liabilities decreased by approximately 23.3% from approximately RMB196,990.1 million as at 31 December 2022 to approximately RMB151,131.1 million as at 31 December 2023. The decrease in the Group's total current assets was primarily attributable to (i) the decrease in properties under development; and (ii) the decrease in cash and bank balances as at 31 December 2023.

Cash position

The Group's cash and bank balances (including restricted cash and pledged deposits) amounted to approximately RMB10,662.5 million in aggregate as at 31 December 2023 (2022: approximately RMB16,586.0 million), representing a decrease of approximately 35.7% as compared with the end of 2022. Under the current strict requirement of local government policies, substantially most of the Group's cash were under strict pre-sale cash escrow in designated bank accounts at project-level in order to ensure completion of the properties under development.

Financial Ratio

As at 31 December 2023, the Group's assets-to-liabilities ratio after excluding receipts in advance (calculated by dividing total liabilities minus contract liabilities by total assets minus contract liabilities) was approximately 77.2%, the net gearing ratio was approximately 39.8% and the non-restricted cash-to-current borrowings (calculated by dividing non-restricted cash and cash equivalents by current borrowings) was approximately 0.4.

Indebtedness

As at 31 December 2023, the Group had total outstanding indebtedness of approximately RMB21,165.8 million (31 December 2022: approximately RMB26,735.2 million), comprising bank and other borrowings of approximately RMB14,601.6 million (31 December 2022: approximately RMB20,233.4 million) and senior notes of approximately RMB6,564.2 million (31 December 2022: approximately RMB6,501.8 million).

Table 4: Breakdown of the Group's total indebtedness

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Current		
Bank loans		
— secured	**678,397**	78,000
Other loans		
— secured	**849,991**	772,553
— unsecured	**3,281,994**	2,582,695
Current portion of long-term bank loans		
— secured	**4,026,917**	3,814,148
Current portion of long-term other loans		
— secured	**2,187,034**	1,876,407
— unsecured	**461,916**	2,217,340
Senior notes	**6,564,246**	6,501,799
Total current indebtedness	**18,050,495**	17,842,942
Non-current		
Bank loans		
— secured	**1,652,199**	6,070,740
Other loans		
— secured	**954,100**	2,149,200
— unsecured	**509,054**	672,270
Total non-current indebtedness	**3,115,353**	8,892,210
Total indebtedness	**21,165,848**	26,735,152
Secured	**10,348,638**	14,761,048
Unsecured	**10,817,210**	11,974,104
Total indebtedness	**21,165,848**	26,735,152

By fixed or variable interest rates

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Fixed interest rate	**19,271,737**	23,055,236
Floating interest rate	**1,894,111**	3,679,916
Total Indebtedness	**21,165,848**	26,735,152

By currency denomination

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Denominated in RMB	**12,820,303**	18,481,756
Denominated in US$	**8,345,545**	8,253,396
Total Indebtedness	**21,165,848**	26,735,152

By maturity profiles

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Bank loans repayable:		
— Within one year or on demand	**4,705,314**	3,892,148
— In the second year	**802,309**	5,158,740
— In the third to fifth year, inclusive	**849,890**	912,000
	6,357,513	9,962,888
Other borrowings repayable:		
— Within one year or on demand	**6,780,935**	7,448,995
— In the second year	**1,154,604**	1,912,016
— In the third to fifth year, inclusive	**308,550**	909,454
	8,244,089	10,270,465

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Senior notes repayable:		
— Within one year	**6,564,246**	6,501,799
	6,564,246	6,501,799
Total Indebtedness	**21,165,848**	26,735,152

The Holistic Solution alleviates the Company from the pressure of its offshore indebtedness. Under the Holistic Solution, New Senior notes and New Convertible Bonds were issued and a New Private Loan was signed in exchange of the outstanding offshore debts plus relevant accrued and unpaid interest as at 31 December 2023. The New Senior Notes, the New Convertible Notes and the New Private Loan have extended final maturity with amortization of principal repayments during the terms of the new offshore debt, cash interest reduction and effective grace period of payment-in-kind.

Pledge of assets

As at 31 December 2023, the Group's borrowings were secured by the Group's assets of approximately RMB52,342.2 million (31 December 2022: approximately RMB56,787.9 million) which includes properties under development.

Financial risks

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

Interest rate risk

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

Foreign currency risk

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

As at 31 December 2023, the Group had (i) cash and bank balances denominated in United States dollar and Hong Kong dollar of approximately RMB0.4 million and RMB10.6 million, respectively, (ii) bank and other borrowings denominated in United States dollar of approximately RMB1,781.3 million, and (iii) senior notes denominated in United States dollar of approximately RMB6,564.2 million, all of which are subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Credit risk

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

Liquidity risk

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

CONTINGENT LIABILITIES

Mortgage guarantees

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

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

The total outstanding mortgage guarantee amount provided by the Group to banks amounted to approximately RMB17,392.0 million as at 31 December 2023 (31 December 2022: approximately RMB32,608.4 million).

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

Financial guarantees

As at 31 December 2023, the Group guaranteed certain of the bank and other borrowings made to its joint ventures and associates up to RMB6,352.2 million (31 December 2022: approximately RMB7,152.1 million).

Legal contingents

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

COMMITMENTS

As at 31 December 2023, the Group's property development expenditures, acquisition of land use rights and capital contributions payable to joint ventures and associates that had contracted but yet provided for were approximately RMB19,362.7 million (31 December 2022: approximately RMB27,156.2 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2023, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

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

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year, nor was there any plan authorised by the Group for other material investments or additions of capital assets during the year ended 31 December 2023.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2023, the Group employed a total of 3,145 full-time employees (31 December 2022: 4,419). For the year ended 31 December 2023, the staff cost recognised as expenses of the Group amounted to approximately RMB894.8 million (31 December 2022: approximately RMB1,399.8 million). The Group offers its employees market-level remuneration packages that include basic salaries, discretionary bonuses, performance-based payments, share options and share awards.

CORPORATE GOVERNANCE

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

The Company has adopted and applied the Corporate Governance Code as its own code on corporate governance and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code for the year ended 31 December 2023. Further information about the corporate governance practices of the Company will be set out in the annual report of the Company for the year ended 31 December 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company since the Listing. In response to specific enquiry made by the Company, all Directors confirmed that they have complied with the Model Code for the year ended 31 December 2023.

AUDIT COMMITTEE

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

The audit committee has reviewed and discussed the annual results for the year ended 31 December 2023.

SCOPE OF AUDITOR'S WORK ON ANNOUNCEMENT OF ANNUAL RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("**Ernst & Young**"), to the amounts set out in the Group's consolidated financial statements for the year ended 31 December 2023. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

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

"**Disclaimer of opinion**

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

Basis for disclaimer of opinion

Material uncertainties relating to going concern

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of RMB2,918,786,000 for the year ended 31 December 2023. As at 31 December 2023, the Group's total interest-bearing bank and other borrowings and senior notes amounted to RMB21,165,848,000, out of which RMB18,050,495,000 will be due for repayment within the next twelve months (including senior notes of RMB6,564,246,000, other offshore debts of RMB1,781,298,000 and other interest-bearing bank and other borrowings of RMB2,249,157,000 which had not been repaid according to their scheduled repayment dates), while its cash and cash equivalents amounted to RMB7,238,809,000. As at 31 December 2023, the default of certain interest-bearing bank and other borrowings triggered certain long term interest-bearing bank and other borrowings amounting to RMB533,475,000 becoming repayable on demand. As stipulated in the announcement dated 20 March 2024, the offshore debts restructuring was effective on 20 March 2024, the default senior notes and other default offshore debts were all exchanged into new offshore senior notes, new offshore convertible bonds or new offshore loans with longer maturity which partially relieved the Group's liquidity pressure. The aforesaid conditions, together with other matters set out in note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which cast significant doubt on the Group's ability to continue as a going concern.

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

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company and its subsidiaries have not purchased, sold, or redeemed any of the listed securities of the Company during the year ended 31 December 2023.

EVENTS AFTER THE REPORTING PERIOD

Schemes for offshore debts holistic solution came into effect on 20 March 2024 with all conditions satisfied under the holistic solution, as a result, all outstanding scheme debts including the Company's default senior notes with an aggregate amount of principal and interest of RMB7,398,541,000 and other default offshore debts with an aggregate amount of principal and interest of RMB2,260,557,000 were cancelled. For more details, please refer to the announcement of the Company dated 20 March 2024.

The winding up petition against the Company, which was filed on 21 November 2022 by a trustee of senior notes due May 2022, was dismissed by the High Court at the hearing on 25 March 2024. For more details, please refer to the announcement of the Company dated 25 March 2024.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2024 AGM will be convened and held on Thursday, 20 June 2024. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and disseminated to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determining the Shareholders' eligibility to attend, speak and vote at the 2024 AGM, the register of members of the Company will be closed from Monday, 17 June 2024 to Thursday, 20 June 2024, both days inclusive, during which period no transfer of Shares will be effected. In order to determine the identity of members who are entitled to attend and vote at the 2024 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Friday, 14 June 2024.

THE BOARD OF DIRECTORS

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

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.zldcgroup.com. The Company's 2023 annual report will be published on the aforementioned websites in due course. Printed copies of the annual report will be made available to shareholders of the Company upon request.

FORWARD LOOKING STATEMENTS

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

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

Hong Kong, 28 March 2024

GLOSSARY AND DEFINITION

"AGM"	annual general meeting of the Company
"ASP"	average selling price
"Board"	the board of Directors
"China" or "PRC"	the People's Republic of China
"Contracted sales"	the total contractual value of properties that are contracted for pre-sale and sale in a given period, which is not equivalent to the revenue in the relevant period and shall not be deemed as an indication for the revenue to be recognised in any future period. Contracted sales data is unaudited, provided for investors' for reference only and may be subject to various uncertainties during the process of collating such sales information
"Corporate Governance Code"	the Corporate Governance Code as set out in Appendix 14 (which has been renumbered to Appendix C1 with effect from 31 December 2023) to the Listing Rules, as amended from time to time
"Directors"	director(s) of the Company
"GFA"	gross floor area
"Gross profit margin"	gross profit for the year divided by revenue for the year and multiplied by 100%
"Group"	the Company and its subsidiaries
"Hong Kong" or "HKSAR"	the Hong Kong Special Administrative Region of the People's Republic of China
"LAT"	PRC land appreciation tax
"Listing"	the listing of the Shares on the main board of the Stock Exchange on 16 July 2019
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 (which has been renumbered to Appendix C3 with effect from 31 December 2023) to the Listing Rules
"Net gearing ratio"	the total indebtedness less cash and bank balances divided by the total equity at the end of the year multiplied by 100%

"Share(s)"	ordinary share(s) in the capital of the Company with the nominal value of HK$0.01 each
"Shareholder(s)"	holder(s) of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Total indebtedness"	total interest-bearing bank and other borrowings and senior notes
"Zhongliang" or "Company"	Zhongliang Holdings Group Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on th main board of the Stock Exchange (Stock code: 2772)

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

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