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Zhongliang Holdings Group Company Limited

中梁控股集团有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2772)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

2021 FINAL RESULTS HIGHLIGHTS

- Contracted sales (including the Group's subsidiaries, joint ventures and associates) amounted to RMB171.8 billion, increased year-on-year by approximately 1.8%
- Total revenue amounted to RMB76.11 billion, increased year-on-year by approximately 15.4%
- Core net profit attributable to owners of the Company (adjusted) amounted to RMB2.99 billion, decreased year-on-year by approximately 20.3%
- Total interest-bearing indebtedness amounted to RMB40.18 billion and net gearing ratio was 35.4%*

* as at 31 December 2021

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 2021 with the comparative figures for the preceding financial year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended	
		31 December	
		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	3	76,114,160	65,940,566
Cost of sales		<u>(63,081,654)</u>	<u>(52,087,655)</u>
GROSS PROFIT		13,032,506	13,852,911
Other income and gains	3	959,088	918,050
Selling and distribution expenses		(2,894,162)	(2,254,253)
Administrative expenses		(3,534,244)	(2,848,025)
Impairment losses on financial assets, net		(5,081)	(5,562)
Other expenses		(153,387)	(186,371)
Fair value gains on investment properties		96,809	88,365
Fair value losses on financial assets at fair value through profit or loss		(372,238)	(30,929)
Finance income		371,529	408,100
Finance costs	4	(647,461)	(542,494)
Share of profits and losses of:			
Joint ventures		448,700	467,861
Associates		<u>322,062</u>	<u>497,169</u>
PROFIT BEFORE TAX	5	7,624,121	10,364,822
Income tax expense	6	<u>(2,868,033)</u>	<u>(3,798,407)</u>
PROFIT FOR THE YEAR		<u><u>4,756,088</u></u>	<u><u>6,566,415</u></u>

		For the year ended	
		31 December	
		2021	2020
	<i>Notes</i>	RMB'000	RMB'000
Attributable to:			
Owners of the parent		2,702,567	3,743,429
Non-controlling interests		<u>2,053,521</u>	<u>2,822,986</u>
		<u>4,756,088</u>	<u>6,566,415</u>

**EARNINGS PER SHARE ATTRIBUTABLE TO
ORDINARY EQUITY HOLDERS OF THE PARENT**

Basic and diluted	8	<u>RMB0.75</u>	<u>RMB1.05</u>
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CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	For the year ended 31 December	
	2021	2020
	RMB'000	RMB'000
PROFIT FOR THE YEAR	<u>4,756,088</u>	<u>6,566,415</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>25,297</u>	<u>16,279</u>
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods	<u>25,297</u>	<u>16,279</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>25,297</u>	<u>16,279</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>4,781,385</u>	<u>6,582,694</u>
Attributable to:		
Owners of the parent	<u>2,727,864</u>	<u>3,759,707</u>
Non-controlling interests	<u>2,053,521</u>	<u>2,822,987</u>
	<u>4,781,385</u>	<u>6,582,694</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at 31 December	
		2021	2020
	Notes	RMB'000	RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		86,556	134,706
Right-of-use assets		78,991	111,100
Investment properties		1,410,200	1,839,550
Other intangible assets		6,186	8,481
Investments in joint ventures		6,217,393	4,544,896
Investments in associates		17,459,401	13,928,585
Deferred tax assets		3,424,910	3,222,423
Prepayments and other receivables		75,581	292,658
		<u>28,759,218</u>	<u>24,082,399</u>
CURRENT ASSETS			
Financial assets at fair value through profit or loss		181,065	552,413
Properties under development		132,008,659	145,914,463
Completed properties held for sale		21,272,280	10,886,087
Trade receivables	9	5,239	5,209
Due from related companies		12,853,619	10,931,355
Prepayments and other receivables		42,057,888	40,890,035
Tax recoverable		2,429,555	3,338,884
Cash and bank balances		27,610,483	34,232,445
		<u>238,418,788</u>	<u>246,750,891</u>
Total current assets			

		As at 31 December	
		2021	2020
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	10	21,210,521	17,082,883
Other payables and accruals		26,686,065	24,488,785
Lease liabilities		39,097	47,247
Contract liabilities		120,815,799	120,909,048
Due to related companies		18,996,008	18,130,579
Interest-bearing bank and other borrowings		12,341,166	16,477,897
Tax payable		3,045,881	5,052,468
Provision for financial guarantee contracts		138,523	72,914
Proceeds from asset-backed securities		318,641	—
Senior notes		6,879,457	7,306,141
Other financial liabilities		—	68,315
		<u>210,471,158</u>	<u>209,636,277</u>
Total current liabilities		210,471,158	209,636,277
NET CURRENT ASSETS		<u>27,947,630</u>	37,114,614
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>56,706,848</u>	61,197,013
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		19,340,356	28,419,856
Lease liabilities		43,609	72,695
Deferred tax liabilities		538,191	633,980
Proceeds from asset-backed securities		—	317,709
Senior notes		1,301,830	1,570,623
		<u>21,223,986</u>	<u>31,014,863</u>
Total non-current liabilities		21,223,986	31,014,863
NET ASSETS		<u>35,482,862</u>	<u>30,182,150</u>
EQUITY			
Equity attributable to owners of the parent			
Share capital		31,450	31,450
Reserves		11,933,531	10,875,287
		<u>11,964,981</u>	<u>10,906,737</u>
Non-controlling interests		<u>23,517,881</u>	19,275,413
TOTAL EQUITY		<u>35,482,862</u>	<u>30,182,150</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

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

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

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

2.1. BASIS OF PREPARATION

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2021. 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).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

Going Concern Basis

As at 31 December 2021, the Group's current portion of interest-bearing bank and other borrowings, senior notes and asset-backed securities amounted to RMB19,539 million and senior notes due on 17 April 2023 with cross default clauses amounted to RMB1,302 million, while its cash and cash equivalents amounted to RMB20,281 million.

The Directors of the Group has evaluated the sustainable operation ability for 12 months from the end of the reporting period, which is affected by the macroeconomic environment, industry environment and credit environment superimposing the impact of multiple rounds of epidemic and came to an opinion that the liquidity risk of the company is facing periodic challenges.

Certain measures have been and are being taken to manage its liquidity needs and to improve its financial position which include the following:

- (a) The Group continues to generate positive operating cash flows for the next twelve months by implementing various strategies to improve the Group's income from sales of properties, project management and rentals from investment properties to generate additional operating cash inflows and putting extra efforts on the collection of outstanding sales proceeds and other receivables;
- (b) The Group is actively reviewing its debt structure and looking for funding opportunities; the Group is actively negotiating with several financial institutions to obtain new loans at a reasonable cost;
- (c) The Group continues to monitor capital expenditure to balance and relieve cash resource to support operations and take action to tighten cost controls over various operating expenses;
- (d) The Group continues to identify suitable purchasers and engage in discussions with certain potential purchasers, on possible disposals of the Group's equity interest in certain property development projects to raise additional capital.

The directors of the Company have reviewed the Group's cash flow forecast covering a period of twelve months from the end of the reporting period. They are of the opinion that, taking into account of the above-mentioned 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 in the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2021 on a going concern basis.

Notwithstanding the above, given the volatility of the property sector in China and the uncertainties to obtain continuous support by the banks and the Group's creditors, material uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their recoverable amounts, to provide for any further liabilities that 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 information.

2.2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendment to IFRS 9, IAS 39, IFRS7, IFRS4 and IFRS16	Interest Rate Benchmark Reform — Phase 2
Amendment to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 (early adopted)

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRS are described below:

- (a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate (“RFR”). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness.

The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank and other borrowings denominated in RMB and foreign currencies based on the Inter Bank Offered Rate as at 31 December 2021. Since the interest rates of these borrowings were not replaced by RFRs during the period, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met. Additional information about the transition and the associated risks is disclosed in note 43 to financial statements in annual report.

- (b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment

recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any rent concessions arising as a direct consequence of the covid-19 pandemic for the year ended 31 December 2021.

The Group has changed its accounting policy for the classification of the interest paid in the consolidated statement of cash flows. In prior periods, interest paid was classified as cash flows from operating activities, whereas interest paid is now classified as cash flows from financing activities (the “Policy Change”). In the opinion of the directors of the Company, it is more appropriate to classify all cash flows in respect of the Group’s borrowings, as cash flows from financing activities in the consolidated statement of cash flows to reflect the nature of the cash flows associated with the Group’s borrowings, including the interest paid as a cost of financing, it will provide more relevant information about the cash flows associated with the borrowings. The directors are also of the opinion that such classification and presentation will provide greater comparability with other industry peers of the Group. The comparative amounts have been restated accordingly.

	2021 <i>(Decrease)/ increase</i> RMB’000	2020 (Decrease)/ increase RMB’000
CASH FLOWS FROM OPERATING ACTIVITIES		
Interest paid	<u>4,367,337</u>	<u>5,225,440</u>
Increase in cash flows related to operating activities	<u><u>4,367,337</u></u>	<u><u>5,225,440</u></u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	<u>(4,367,337)</u>	<u>(5,225,440)</u>
Decrease in cash flows related to financing activities	<u><u>(4,367,337)</u></u>	<u><u>(5,225,440)</u></u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u><u>—</u></u>	<u><u>—</u></u>

The adoption of the Policy Change has had no impact on the consolidated statements of profit or loss, comprehensive income, financial position and changes in equity.

3. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	76,096,440	65,929,080
<i>Revenue from other sources</i>		
Gross rental income	<u>17,720</u>	<u>11,486</u>
	<u>76,114,160</u>	<u>65,940,566</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Types of goods or services		
Sale of properties	75,533,446	65,500,822
Other services	<u>562,994</u>	<u>428,258</u>
Total revenue from contracts with customers	<u>76,096,440</u>	<u>65,929,080</u>
Timing of revenue recognition		
Sale of properties transferred at a point in time	69,427,457	61,905,352
Sale of properties transferred over time	6,105,989	3,595,470
Services transferred over time	<u>562,994</u>	<u>428,258</u>
Total revenue from contracts with customers	<u>76,096,440</u>	<u>65,929,080</u>

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue recognised that were included in contract liabilities at the beginning of the reporting period:		
Sale of properties	<u>63,871,686</u>	<u>56,796,636</u>

(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 of not disclosing 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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	68,278,594	76,910,908
After one year	<u>93,663,221</u>	<u>91,145,387</u>
	<u><u>161,941,815</u></u>	<u><u>168,056,295</u></u>

The 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. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Other income and gains		
Gain on disposal of subsidiaries	407,243	83,784
Foreign exchange differences, net	241,427	528,788
Gain on disposal of joint ventures and associates	147,188	116,231
Changes in provision for financial guarantee contracts	80,381	52,144
Government grants	38,869	24,111
Forfeiture of deposits	26,230	14,964
Gain on acquisition of a subsidiary	—	60,388
Remeasurement gain on investment in an associate	—	4,578
Others	<u>17,750</u>	<u>33,062</u>
	<u><u>959,088</u></u>	<u><u>918,050</u></u>

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans and other borrowings, senior notes and proceeds from asset-backed securities	4,115,312	4,797,261
Interest expense arising from revenue contracts	650,568	861,925
Interest on lease liabilities	<u>7,455</u>	<u>8,673</u>
Total interest expense on financial liabilities not at fair value through profit or loss	4,773,335	5,667,859
Less: Interest capitalised	<u>(4,125,874)</u>	<u>(5,125,365)</u>
	<u><u>647,461</u></u>	<u><u>542,494</u></u>

5. PROFIT BEFORE TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Cost of properties sold	62,646,725	51,708,913
Impairment losses recognised for properties under development	731,125	366,047
Impairment losses written off for completed properties held for sale	(109,060)	(190,821)
Impairment losses recognised for completed properties held for sale	100,768	—
Depreciation of property, plant and equipment	35,005	36,027
Depreciation of right-of-use assets	50,502	71,378
Lease payments not included in the measurement of lease liabilities	9,301	9,645
Amortisation of other intangible assets	4,379	3,238
Auditor's remuneration	13,864	13,640
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	1,827,031	2,009,504
Pension scheme contributions and social welfare	226,080	234,107
Equity-settled share option expenses	12,097	9,932

6. INCOME TAX EXPENSE

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

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

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current tax:		
PRC corporate income tax	2,960,984	2,985,834
PRC LAT	455,946	1,406,782
Deferred tax	<u>(548,897)</u>	<u>(594,209)</u>
Total tax charge for the year	<u><u>2,868,033</u></u>	<u><u>3,798,407</u></u>

7. DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interim — HK18.4 cents (2020: HK16.3 cents) per ordinary share	551,514	495,644
Proposed final — (2020: HK32.5 cents) per ordinary share	<u>—</u>	<u>977,829</u>
	<u><u>551,514</u></u>	<u><u>1,473,473</u></u>

The Board does not recommend a final dividend for the year ended 31 December 2021 (2020: RMB977,829,000).

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 3,581,791,500 (2020: 3,581,791,500) in issue during the year.

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

The calculations of the basic and diluted earnings per share amounts is based on:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	<u>2,702,567</u>	<u>3,743,429</u>
	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u>3,581,791,500</u>	<u>3,581,791,500</u>
Effect of dilution — weighted average number of ordinary shares Share options	<u>(16,153,114)*</u>	<u>(2,016,229)*</u>
	<u>3,565,638,386*</u>	<u>3,579,775,271*</u>

* Because the diluted earnings per share amount is increased when taking share options into account, the share options had an anti-dilutive effect and were ignored in the calculation of diluted earnings per share. Therefore, the diluted earnings per share amount is based on the profit attributable to ordinary equity holders of the parent of RMB2,702,567,000 for the year, and the weighted average number of ordinary shares of 3,581,791,500 in issue during the year.

9. TRADE RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	5,239	5,209
Impairment	<u>—</u>	<u>—</u>
	<u>5,239</u>	<u>5,209</u>

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:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 1 year	5,239	5,209
Over 1 year	<u>—</u>	<u>—</u>
	<u>5,239</u>	<u>5,209</u>

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

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

10. TRADE AND BILLS PAYABLES

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Less than 1 year	20,581,296	16,647,655
Over 1 year	<u>629,225</u>	<u>435,228</u>
	<u>21,210,521</u>	<u>17,082,883</u>

Trade and bills payables are unsecured, interest-free and are normally settled based on the progress of construction.

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 hereby pleased to present to you the business review of the Group for the year ended 31 December 2021 and its outlook for 2022.

DIVIDEND

In August 2021, the Board of the Company resolved to declare the payment of an interim dividend (the "2021 Interim Dividend") of HK18.4 cents per share for the six months ended 30 June 2021 (equivalent to RMB15.4 cents per share) in the form of cash. Given the continued uncertainty of the Chinese real estate sector, the Group believes that it is prudent, conservative and responsible to preserve more cash to maintain liquidity to react to the unforeseen situations under current adverse market conditions. Thus, for the best interest of the Group and balancing the interest of different stakeholders, after careful consideration, the Board has decided to postpone the payment of the 2021 Interim Dividend to on or about Wednesday, 31 August 2022. Based on the total issued shares of the Company as at the date of this announcement, the interim dividend for the six months ended 30 June 2021 amounted to approximately HK\$659.0 million (approximately RMB551.5 million).

The Board of the Company further resolved that no final dividend would be declared for the year ended 31 December 2021.

FINAL RESULTS

The contracted sales of the Group for 2021 amounted to RMB171.8 billion, representing an increase of approximately 1.8% from RMB168.8 billion in 2020.

In 2021, the Group's revenue amounted to RMB76,114.2 million, representing an increase of approximately 15.4% from RMB65,940.6 million in 2020. The Group's core net profit attributable to owners in 2021 decreased by approximately 20.3% to RMB2,991.1 million from RMB3,754.1 million in 2020.

REVIEW OF 2021

Market review

During 2021, global economic environment remained complex and volatile due to geopolitical and the COVID pandemic issues. While the COVID situation in China has been relatively under control, there have been occasional disruptions of social and economic activities in certain cities affecting consumer demands and production chains.

In 2021, the Chinese government sustained its strict real estate control measures with the main policy theme of "housing is for living, not for speculation" and "controlling financial leverage against real estate". Intensified restrictions on real estate financing restricted real estate developers' access to onshore funding. During the year, China's real estate sales reversed significantly. In the first half,

buyers' demand continued the positive sentiment from the previous year, transaction volume by value and gross floor area continued to increase. However, real market cooled down dramatically in the second half and real estate market sales growth decelerated and turned negative. Tighter disbursement of mortgage financing for home buyers and uncertainty in real estate prices have affected demand of property sales.

Due to weaker sales and financing under scrutiny, funding for real estate developers were significantly tight. As a number of Chinese real estate developers have encountered liquidity issues and debt defaults in 2021, the offshore bond market that in the past provided major funding to the sector experienced volatility as well as severe imbalance. Adverse reaction to the above negative events by offshore capital markets has severely affected bond pricings, international credit ratings, and access to offshore capital for most non-state-owned property developers. Risk appetite on the real estate sector by financial institutions were predominantly lower while the sector and real estate developers placed more emphasis on risk control.

Despite the difficult industry environment, the Group still consistently adhered to its stated strategies, followed the government policies and industry trends for its sustainable development. The Group achieved contracted sales of approximately RMB171.8 billion in 2021, with a year-on-year increase of approximately 1.8%. The Group sustained its position as one of the Top 20 China Real Estate Developers. The contracted ASP of 2021 was approximately RMB12,000 per sq.m., compared to approximately RMB12,500 per sq.m. in the previous year. During the year, the Group maintained a cash collection rate of over 85%.

Land-banking

In the first half of 2021, the Group strived in maintaining balance between securing saleable resources and financial discipline, diversifying investments in many second- and third-tier cities, and avoiding cities with fierce land price competition. When the real estate market situation became uncertain in the second half, the Group kept land investment at the minimal level in order to preserve cash.

During the year, the Group (together with its joint ventures and associates) acquired 85 new projects at a total land investment consideration of RMB52.6 billion, covering a total GFA of approximately 10 million sq.m.. Among the acquired land projects in 2021, approximately 17% of total land investment considerations came from second-tier cities with centralised land supply policies while 22% of total from other second-tier cities. The remaining 51% and about 10% respectively of the total land investment considerations came from third- and fourth-tier cities. In terms of economic regions, Yangtze River Delta accounted for 54% of the total land investment considerations, followed by Midwest China with 16%, Western Taiwan Straits with 10%, Pan-Bohai Rim with 13%, and Pearl River Delta with 7%. Top provinces in terms of land investment considerations were Zhejiang, Jiangsu, Anhui and Shandong.

As at 31 December 2021, the Group (together with its joint ventures and associates) had a land bank with a total GFA (including sold GFA) of approximately 59.8 million sq.m., covering five core economic regions of China. Despite that our land investment slowed down in 2021, we still have sufficient saleable resources to support our future developments.

Financing and liability management

Under the policies of “three red-line” and “centralised restrictions on real estate financing”, real estate-related funding in China became tight especially after mid-2021. The Group responded proactively to the government’s real estate control measures and maintained a disciplined and pragmatic approach in managing the de-leveraging process.

Since mid-2021, the Group has implemented decisive measures in mitigating the challenges from adverse industry environments, including through accelerating sales and cash collection, preservation of cash by expenditure conservation and reduction of land banking. The Group’s management has demonstrated its resolution and commitment to proactive liability management and deleveraging. During the period from July 2021 up to the date of this announcement, the Group has repaid or bought back offshore bonds or loans with an aggregate principal and interest amount of around US\$1.2 billion mostly by internal funding, while maintaining sufficient liquidity for its operations.

As at 31 December 2021, the Group had total interest-bearing debts of approximately RMB40.2 billion, down 26% from end of 2020, and the Group’s net gearing ratio was approximately 35%, with financing costs at around 9.0%. The Group’s total interest-bearing debts and net gearing ratio are among the low level of real estate developers in China.

Green and sustainable development, corporate social responsibilities

The Group emphasises its product philosophy of encompassing “culture, comfort, health, green and technology”. It has formulated comprehensive environmental policies with intensified sustainable and environmental measures. By the end of 2021, over 350 development projects of the Group are green buildings (including green building certifications or ratings), with a total accumulated developed GFA exceeding 50 million sq.m.

In 2021, the Group officially established the Environmental, Social and Governance Committee (the “ESG Committee”). Relevant policies were formulated by the Board, the ESG Committee and the ESG working group to enhance performance in respect of environmental protection, social responsibility and governance. During the year, in response to the national call to contribute to the national goal of achieving carbon neutrality, the Group took the first step of sustainable green financing by publishing its Sustainable Finance Framework and subsequently issuing its US dollar green senior notes with a total of US\$500 million green senior notes issued.

The Group actively undertakes corporate social responsibilities. In 2021, the Group further expanded “Zhongliang Book Reading” project to cover a wider area. “Zhongliang Book Reading” is a charity library project now covering 18 provinces across China including Qinghai, Xinjiang, Tibet, Yunnan,

Guizhou, Jiangxi, Sichuan and other regions in over a hundred primary and middle schools, with over 500,000 books donated, by establishing and improving libraries for remote or needy schools, and contributing to the healthy growth of rural teenagers.

OUTLOOK FOR 2022

Looking ahead to 2022, under the Chinese government policy framework of “housing is for living, not for speculation” and “to ensure of orderly and healthy development of the real estate sector”, it is expected that real estate-related policy, financing and credit aspects could be improved. The Chinese government will place more emphasis on prioritising its policies in attaining expectations for stable land and housing prices, to ensure stable development of the real estate market. With regard to sales, we remain cautious on the overall sector sales outlook and we expect sector sales could encounter negative growth for the upcoming year. With regard to land investments, sector investment appetite will remain prudent and recovery will take time. With regard to funding, limitation and control of financing will become a norm.

Despite the challenging industry environment, the Group is still committed to long-term sustainable and stable development. The Group’s primary operating goals are to maintain operating liquidity, deleverage and stabilise debts. Under the new normal, the Group’s main operating principles are to improve financing structure, improve control efficiencies, control risks and save costs. We will place more emphasis on enhancing product capabilities and improving salability during this phase of industry consolidation. While securing a stable and adequate supply of saleable resources, we will continue to increase our sales efforts, enhance sell-through and cash collection to strengthen our cashflow management, and manage for deleveraging. We are confident that the Group can navigate through the current industry challenge and reposition ourselves for future development.

APPRECIATION

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

YANG Jian

Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted sales

During the year ended 31 December 2021, the Group (including its joint ventures and associates) achieved contracted sales of RMB171.8 billion, representing a year-on-year increase of 1.8%. Contracted sales area amounted to approximately 14,277,000 sq.m., representing a year-on-year increase of 5.7%.

During the year, contracted ASP selling price remained stable at approximately RMB12,000 per sq.m., with new launch sell-through rate exceeded 70% and cash collection rate over 85%.

Table 1: Breakdown of contracted sales in 2021 (the Group's subsidiaries, joint ventures and associates)

By city

	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Wenzhou	14,057,652	8.2	663,006	21,203
Hangzhou	13,001,782	7.6	327,695	39,676
Hefei	11,667,271	6.8	782,517	14,910
Xuzhou	5,675,541	3.3	270,351	20,993
Changzhou	4,484,727	2.6	290,461	15,440
Suzhou	4,217,657	2.5	285,734	14,761
Wuxi	3,598,717	2.1	217,342	16,558
Ningbo	3,327,020	1.9	150,535	22,101
Jinhua	2,999,148	1.7	143,877	20,845
Taizhou	2,919,917	1.7	193,506	15,090
Nantong	2,523,074	1.5	153,141	16,475
Bengbu	2,116,579	1.2	219,799	9,630
Fuyang	2,091,861	1.2	253,144	8,264
Yancheng	1,912,634	1.1	129,778	14,738
Nanjing	1,891,961	1.1	111,989	16,894
Others	<u>13,275,728</u>	<u>7.7</u>	<u>1,262,675</u>	10,514
Yangtze River Delta	<u><u>89,761,269</u></u>	<u><u>52.2</u></u>	<u><u>5,455,550</u></u>	16,453

	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Chongqing	5,087,093	3.0	563,540	9,027
Chengdu	3,857,767	2.2	202,433	19,057
Luoyang	3,369,820	2.0	322,758	10,441
Changsha	2,473,850	1.4	288,504	8,575
Yinchuan	2,213,608	1.3	183,396	12,070
Xi'an	2,048,730	1.2	136,553	15,003
Others	<u>24,439,138</u>	<u>14.2</u>	<u>3,575,956</u>	6,834
Midwest China	<u>43,490,006</u>	<u>25.3</u>	<u>5,273,140</u>	8,247
Qingdao	3,197,978	1.9	204,501	15,638
Tianjin	2,296,197	1.4	155,018	14,812
Cangzhou	2,088,579	1.2	256,826	8,132
Others	<u>10,718,628</u>	<u>6.2</u>	<u>1,173,408</u>	9,135
Pan-Bohai Rim	<u>18,301,382</u>	<u>10.7</u>	<u>1,789,753</u>	10,226
Quanzhou	2,306,892	1.3	161,041	14,325
Zhangzhou	2,283,252	1.3	142,600	16,012
Shangrao	1,726,168	1.0	168,808	10,226
Putian	1,715,559	1.0	176,472	9,721
Others	<u>7,436,929</u>	<u>4.3</u>	<u>636,874</u>	11,677
Western Taiwan Straits	<u>15,468,800</u>	<u>9.0</u>	<u>1,285,795</u>	12,031
Pearl River Delta	<u>4,780,547</u>	<u>2.8</u>	<u>473,193</u>	10,103
Total	<u>171,802,004</u>	<u>100.0</u>	<u>14,277,431</u>	12,033

By region

	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Yangtze River Delta	89,761,269	52.2	5,455,550	16,453
Midwest China	43,490,006	25.3	5,273,140	8,247
Pan-Bohai Rim	18,301,382	10.7	1,789,753	10,226
Western Taiwan Straits	15,468,800	9.0	1,285,795	12,031
Pearl River Delta	<u>4,780,547</u>	<u>2.8</u>	<u>473,193</u>	10,103
	<u><u>171,802,004</u></u>	<u><u>100.0</u></u>	<u><u>14,277,431</u></u>	12,033

By city tier

	Contracted sales (RMB'000)	% of total contracted sales (%)	Contracted GFA (sq.m.)	Contracted ASP (RMB/sq.m.)
Second-tier cities ⁽¹⁾	79,675,182	46.4	4,909,315	16,229
Third-tier cities ⁽²⁾	72,015,500	41.9	6,659,756	10,814
Fourth-tier cities ⁽³⁾	<u>20,111,322</u>	<u>11.7</u>	<u>2,708,360</u>	7,426
	<u><u>171,802,004</u></u>	<u><u>100.0</u></u>	<u><u>14,277,431</u></u>	12,033

Notes:

- (1) Second-tiers cities include Wenzhou, Hangzhou, Hefei, Wuxi, Suzhou, Chongqing, Xi'an, Ningbo, Qingdao, Chengdu, Tianjin, Nanjing, Xiamen, Changsha, Wuhan, Jinan, Fuzhou, Nanchang, Nanning, Shenyang, Dalian, Kunming, Guiyang, Taiyuan, Zhengzhou and Dongguan.
- (2) Third-tiers cities include Changzhou, Xuzhou, Jinhua, Luoyang, Taizhou, Nantong, Yancheng, Zhangzhou, Cangzhou, Putian, Yinchuan, Weifang, Lianyungang, Xiangyang, Quanzhou, Wuhu, Binzhou, Nanyang, Anqing, Xuancheng, Nanping, Suining, Jining, Linyi, Huzhou, Chifeng, Handan, Zhoushan, Yiyang, Yuxi, Xuchang, Zaozhuang, Suqian, Taian, Ganzhou, Quzhou, Bozhou, Dezhou, Luan, Yantai, Zibo, Jiangmen, Chenzhou, Xinyang, Maoming, Changde, Hohhot, Shangqiu, Mianyang, Zhuzhou, Yueyang, Loudi, Zunyi, Foshan, Tongling, Chuxiong, Huangshan, Huanggang, Meishan, Dazhou, Zhaoqing, Yangzhou, Qinzhou, Shaoxing, Huaian, Lishui, Weihai, Taizhou, Liuzhou, Tangshan, Sanming, Shaoguan, Longyan, Fuzhou, Liaocheng, Nanchong, Yulin, Jiaxing, Ningde, Zhongshan, Dongying, Shantou, Yichang and Xining.

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

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 2021, the Group's completed properties held for sale was approximately RMB21,272.3 million, representing an increase of 95.4% from RMB10,886.1 million as at 31 December 2020.

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 2021, the Group's properties under development was approximately RMB132,008.7 million, versus RMB145,914.5 million as at 31 December 2020.

Land bank

During the year ended 31 December 2021, the Group (including its subsidiaries, joint ventures and associates) acquired 85 land parcels with a total planned GFA of 10.0 million sq.m.. The average cost of land parcels acquired (excluding carparks) was approximately RMB5,267 per sq.m..

Table 2: Breakdown of land parcels the Group acquired in 2021 (the Group's subsidiaries, joint ventures and associates)

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
1	Xiaogan	P (2020) 01 Plot, Dongcheng District, Xiaogan	65,509	189,975	466,735	2,457
2	Enshi	Second phase plot of Guobin No.1 in the old town of Enshi	16,942	55,909	48,290	864
3	Taizhou	Plot on the south side of Wenchang Road, south of Xinghua	31,036	62,071	440,620	7,099
4	Wuhu	Block 2020-20, Northwest Area, Wuwei City, Wuhu	81,041	137,770	580,000	4,210
5	Jinhua	Plot on the northeast side of the intersection of Suxi Avenue and Longqi Road, Suxi Town	47,709	124,043	1,500,200	12,094
6	Dongying	Plot 1 south of Beier Road and east of Kangyang Road, Dongcheng District, Dongying	122,265	146,718	430,000	2,931
7	Huangshi	Lot G21014, Chengbei Plate, Daye	39,238	121,639	225,200	1,851
8	Shangrao	DEA2020074 plot in downtown area of Shangrao	88,643	212,743	1,292,000	6,073
9	Chongqing	Block B-5-03 and B6-1-03, Standard Zone B, Yunzhushan District, Banan District, Chongqing	84,367	126,551	615,000	4,860
10	Taizhou	Plot TP030218, Chengdong Street	4,458	8,916	93,000	10,431
11	Nantong	Plot on the east side of Shengting Garden, Xiting Town, Nantong	35,723	57,157	383,665	6,712
12	Changchun	South Block of Wuyue Plaza, North Lake Block, New District, Changchun	31,134	77,835	320,291	4,115
13	Luohe	Lot 2021-2, Lucheng District, Luohe	53,729	188,075	539,210	2,867
14	Yuncheng	YDXG-2010 plot of Yanhu District, Yuncheng	55,966	167,899	538,680	3,208
15	Xining	Plot No. 2021JC-1 and No. 2 in Nanchuan Industrial Park, Xining	140,452	351,131	1,361,128	3,876
16	Taian	Tai'an Tianping Hunan Plot 2020-18	62,662	75,194	375,972	5,000
17	Fuyang	Block 2020-14, Yingzhou District, Fuyang	101,718	244,123	860,551	3,525

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
18	Xiaogan	P (2020) 02 Lot, Dongcheng District, Xiaogan	54,306	157,487	411,370	2,612
19	Shaoxing	Block 55, Chengbei, Shangyu District, Shaoxing	62,591	101,398	1,434,700	14,149
20	Shantou	Plot on south side of Zhongyang Avenue and the east side of Guorui Hospital, Longhu District, Shantou	62,425	249,652	1,088,000	4,358
21	Liuzhou	Block B-1-3 (40 acres) on the north side of Guiliu Road, Chengzhong District, Liuzhou	26,836	53,671	232,450	4,331
22	Wenzhou	Plot D-21, Huichanghe Unit, Core Area of Wenzhou City	15,939	44,789	992,900	22,168
23	Wenzhou	Block D18-1-A, Chengdong New District, Kunyang Town, Pingyang County	35,736	74,970	452,610	6,037
24	Wenzhou	Block D18-1-B, Chengdong New District, Kunyang Town, Pingyang County	37,611	75,222	453,790	6,033
25	Taizhou	Block 20-12, Jiangnan Street, Linhai, Taizhou	69,164	104,962	786,100	7,489
26	Changsha	Changsha County, Changsha City [2020] 022 Lot	37,799	113,398	206,070	1,817
27	Cangzhou	27 acres east of Guizhou Avenue, Cang County, north of Tianjin Road	17,793	33,908	129,180	3,810
28	Hengshui	81 acres of land on the south side of Yuhua West Road, Taocheng District, Hengshui	53,773	135,479	229,881	1,697
29	Cangzhou	54 acres on the east of Guizhou Avenue and south of Xining Road, Cang County	36,310	80,478	297,920	3,702
30	Taizhou	North Plot of Yongyi Road, Jingjiang Chengnan Park	70,210	140,420	878,320	6,255
31	Nanyang	Dengzhou DT [2021] No. 3	63,701	159,252	210,210	1,320
32	Xuancheng	Lot LC-05-07, East of Jingchuan Avenue, Old Town, Jing County	69,716	111,545	444,800	3,988

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
33	Fuzhou	Lianjiang County, Fuzhou [2021] Lot 01	25,699	59,108	485,000	8,205
34	Luan	Shucheng Lot 2021-04	53,054	75,887	182,240	2,401
35	Luan	56 acres of land of China Fortune Land Development in Hangfu Town, Shucheng County	37,438	67,388	105,575	1,567
36	Yancheng	Xinyang Road North, North Block, Yancheng	27,755	72,163	734,330	10,176
37	Weifang	West Block of Beihai Road, Economic Development Zone, Weifang	45,520	122,904	193,232	1,572
38	Chongqing	Block G10-02/02-1, Huaiyuan New District Group, Tongliang District, Chongqing	61,345	92,018	303,658	3,300
39	Chongqing	Plot H12-2/02, Shuangfu New District, Jiangjin District, Chongqing	51,249	102,498	331,000	3,229
40	Chongqing	Block T08-2-04, Block T, Division T, Banan Jieshi Group, Chongqing	47,039	70,559	329,010	4,663
41	Chongqing	Block S43-2/01, S43-3/01, S41-3/01, S48-1/01 Block S, Division S, Banan Jieshi Group, Chongqing	94,061	179,036	799,931	4,468
42	Wuhu	Block C, East of Huajin South Road, Yijiang District, Wuhu	65,773	131,547	1,013,750	7,706
43	Ningbo	Ciguan Haiwei I 201906-A plot, Ningbo City	74,956	164,903	1,123,270	6,812
44	Bengbu	Bengbu City High-speed Rail Plate (2021) Lot 14	148,904	260,891	604,000	2,315
45	Fuzhou	Fuqing 2021 Lot-03 Lot	25,835	67,171	678,000	10,094
46	Weifang	Plot A north of Yuqing West Street and east of Yiyuan Road, Weicheng District, Weifang	51,588	128,970	324,231	2,514
47	Cangzhou	107 acres of land on the west of Longgang Street and the south of Bohai Road, Bohai New District, Cangzhou	71,362	102,268	145,500	1,423
48	Xiamen	Block J2020P03 on the south side of Xiamen Jimei Women and Children	19,978	59,900	1,880,000	31,386

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
49	Xuzhou	Plot 1 of Xindai West Road South and Shanghai Road East, Xinyi Development Zone	49,034	122,585	340,880	2,781
50	Xuzhou	Plot 3 of Xindai West Road South and Shanghai Road East, Xinyi Development Zone	45,440	113,600	323,400	2,847
51	Nanchong	68 acres of Swallow Nest, Shunqing District, Nanchong	45,567	82,021	384,813	4,692
52	Nanchong	77 acres of Swallow Nest, Shunqing District, Nanchong	51,155	112,542	483,419	4,295
53	Yancheng	South of Yancheng Chengbei Hardware & Electrical City	65,428	170,113	1,810,000	10,640
54	Jinan	Block A above Wangfuzhuang, Huaiyin District, Jinan	145,869	204,216	1,015,000	4,970
55	Jinhua	Plot on the east side of the intersection of Shangcheng Road and Shangfo Road, Shangxi Town	34,986	90,963	940,000	10,334
56	Luoyang	Zhonghong Block, Hetu East Road, Mengjin County, Luoyang	48,552	121,305	153,225	1,263
57	Foshan	Lot TD2021(NH)WG0016 in the “Dakeng Bridge” area of Shijie Village, Guanyao Social Management Office, Shishan Town, Foshan	43,166	107,915	763,410	7,074
58	Suzhou	Qidu Shenli Land, Wujiang District, Suzhou	62,991	113,383	478,429	4,220
59	Suzhou	Plot on the south side of Zhennan Road, Zhenze Town, Wujiang District, Suzhou	57,622	86,433	479,917	5,552
60	Jinan	East Block of Beiguan North Road, Tianqiao District, Jinan	28,190	53,129	429,450	8,083
61	Suzhou	Plot 2021-WG-17-1, Shaxi Town, Taicang	18,533	37,066	210,570	5,681
62	Suzhou	Plot 2021-WG-17-2, Shaxi Town, Taicang	20,820	41,641	236,200	5,672

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
63	Foshan	TD2021 (SD) WG0018 plot, Hengsan Road, Lecong Town, Shunde District, Foshan	95,208	223,293	1,871,660	8,382
64	Ningde	Plot 2021P06, Miantaoshan, North New Town, Ningde	45,135	112,837	437,000	3,873
65	Xuancheng	Plot on the east side of Xunhua Road, Xuancheng City Center	153,118	317,824	1,105,609	3,479
66	Hefei	Lot BH202102	25,186	50,372	657,372	13,050
67	Nanjing	West of Zhonghe Road and North of Qinxin Road, Jianye District, Nanjing City (26-7) Plot 2021G25	10,742	30,078	1,080,000	35,907
68	Weifang	Lot of Hetangli, Jinqing, Kuiwen District, Weifang	41,450	79,677	310,870	3,902
69	Changsha	Lot [2021] 038, Changsha County, Changsha	31,140	59,167	255,620	4,320
70	Chuzhou	Plot on the southeast side of the intersection of Changzhou Road and Changjiang Road in the east plate of Chuzhou	103,892	207,784	593,000	2,854
71	Tai'an	Plot 2021-103, Xujialou Street, Taishan District, Tai'an	29,448	67,730	207,608	3,065
72	Wuxi	North Taiqing Hexi Block, Donghua Road, Huashi Town, Jiangyin	57,947	104,305	585,530	5,614
73	Tianjin	Ziguang No.7 plot	79,659	167,285	939,190	5,614
74	Wuxi	Jiangyin Mianshan Bay [Chengdi No.2021-C-1] Plot	181,930	218,316	1,897,690	8,692
75	Huzhou	2020-39/2007-10A plot in Zhili Town, Huzhou	46,775	84,772	585,769	6,910
76	Tangshan	27 acres of land on the south side of Chengbei Road and west side of Kuangzhong Road, Kaiping District, Tangshan	18,267	45,432	137,000	3,015
77	Shaoxing	Lot 69-3, Chengbei, Shangyu District, Shaoxing	78,901	149,912	1,794,000	11,967
78	Wuxi	Xibei Town Jingsheng Road Plot	77,181	138,926	972,500	7,000

No.	City	Project	Site area (sq.m.)	Planned GFA (excluding car parks) (sq.m.)	Total consideration (RMB'000)	Average land cost (excluding car parks) (RMB/sq.m.)
79	Zhoushan	Plot ZS-PT-19-01-01, Dagan Unit, Putuo, Zhoushan	31,791	69,940	353,548	5,055
80	Xinyu	Lot DKA2021011, Chengbei District, Xinyu	25,437	71,225	308,682	4,334
81	Cangzhou	111.09 Mu Project, No. 13 Beihai Road South, Huanghua, Cangzhou	74,059	137,835	460,000	3,337
82	Nanning	Block GC2020-109 (Huguangguang Mansion) on the east of Pingle Avenue and south of Zhenliang Avenue, Liangqing District, Nanning	65,007	238,939	819,091	3,428
83	Hangzhou	Lot 4, Fuchunshan Health City, Tonglu County, Hangzhou	28,404	34,085	474,000	13,906
84	Jinan	Project 3, Shuitun Road, Tianqiao District, Jinan	45,203	123,907	806,580	6,510
85	Changzhou	Block JZX20210911 on the north side of Jinfu Road and east of Longyuan Road, Menghe Town, Xinbei District, Changzhou	32,966	59,339	370,000	6,235
			<u>4,774,257</u>	<u>9,991,483</u>	<u>52,622,602</u>	5,267

As at 31 December 2021, the Group's total land bank (including its subsidiaries, joint ventures and associates) was 59.8 million sq.m., among which 9.6 million sq.m. were completed properties available for sale/leasable and 50.2 million sq.m. were under development or for future development.

Table 3: Breakdown of the Group's total land bank (including its subsidiaries, joint ventures and associates) as at 31 December 2021

By Group's subsidiaries

	Number of projects	Completed GFA available for sale/leasable ⁽¹⁾ (sq.m.)	Total GFA under development and held for future development (sq.m.)	Total land bank ⁽²⁾ (sq.m.)	% of total land bank (%)
Jiangsu	40	583,515	3,976,447	4,559,962	7.6
Anhui	27	920,385	2,949,041	3,869,426	6.5
Zhejiang	45	717,042	3,031,983	3,749,025	6.3
Yangtze River Delta	112	2,220,942	9,957,471	12,178,413	20.4
Hunan	19	523,555	1,737,653	2,261,208	3.8
Henan	22	367,691	1,703,390	2,071,081	3.5
Hubei	15	263,570	1,762,013	2,025,583	3.4
Chongqing	9	95,943	1,426,729	1,522,672	2.5
Shaanxi	10	398,793	889,021	1,287,814	2.1
Yunnan	9	555,633	686,479	1,242,112	2.1
Sichuan	14	207,498	669,056	876,554	1.4
Guangxi	8	215,481	302,744	518,225	0.9
Qinghai	1	—	454,374	454,374	0.8
Ningxia	2	—	430,279	430,279	0.7
Shanxi	3	55,194	301,433	356,627	0.6
Inner Mongolia	4	21,477	288,266	309,743	0.5
Guizhou	2	—	241,268	241,268	0.4
Gansu	2	62,363	—	62,363	0.1
Midwest China	120	2,767,198	10,892,705	13,659,903	22.8
Shandong	31	287,797	2,952,940	3,240,737	5.4
Hebei	8	16,947	1,134,661	1,151,608	1.9
Tianjin	3	—	477,811	477,811	0.8
Liaoning	3	40,807	316,945	357,752	0.6
Jilin	1	—	98,241	98,241	0.2
Pan-Bohai Rim	46	345,551	4,980,598	5,326,149	8.9
Jiangxi	28	720,162	800,998	1,521,160	2.5
Fujian	12	81,399	908,690	990,089	1.7
Western Taiwan Straits	40	801,561	1,709,688	2,511,249	4.2
Guangdong	13	324,010	626,279	950,289	1.6
Pearl River Delta	13	324,010	626,279	950,289	1.6
Subtotal	331	6,459,262	28,166,741	34,626,003	57.9

By Group's joint ventures and associates

	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 (%)
Zhejiang	38	1,204,119	3,705,355	4,909,474	8.2
Jiangsu	26	498,301	4,174,090	4,672,391	7.8
Anhui	17	531,696	2,876,526	3,408,222	5.7
Yangtze River Delta	81	2,234,116	10,755,971	12,990,087	21.7
Henan	7	—	1,811,685	1,811,685	3.0
Yunnan	5	85,535	808,465	894,000	1.5
Chongqing	7	126,149	641,878	768,027	1.3
Guangxi	4	4,077	633,725	637,802	1.1
Hubei	3	129,699	383,803	513,502	0.9
Hunan	4	134,722	315,118	449,840	0.7
Sichuan	2	—	377,523	377,523	0.6
Inner Mongolia	1	—	155,242	155,242	0.3
Midwest China	33	480,182	5,127,439	5,607,621	9.4
Shandong	8	—	1,662,296	1,662,296	2.8
Tianjin	2	—	417,539	417,539	0.7
Hebei	4	—	413,646	413,646	0.7
Liaoning	1	3,468	—	3,468	*
Pan-Bohai Rim	15	3,468	2,493,481	2,496,949	4.2
Fujian	16	126,917	1,487,180	1,614,097	2.7
Jiangxi	6	288,768	850,337	1,139,105	1.9
Western Taiwan Straits	22	415,685	2,337,517	2,753,202	4.6
Guangdong	5	34,480	1,264,394	1,298,874	2.2
Pearl River Delta	5	34,480	1,264,394	1,298,874	2.2
Subtotal	156	3,167,931	21,978,802	25,146,733	42.1
Total	487	9,627,193	50,145,543	59,772,736	100.0

* less than 0.1%

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	156	2,565,734	16,898,389	19,464,123	32.6
Third-tier cities	247	5,166,471	24,934,166	30,100,637	50.3
Forth-tier cities	84	1,894,988	8,312,988	10,207,976	17.1
Total	487	9,627,193	50,145,543	59,772,736	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	193	4,455,058	20,713,442	25,168,500	42.1
Midwest China	153	3,247,380	16,020,144	19,267,524	32.2
Pan-Bohai Rim	61	349,019	7,474,079	7,823,098	13.1
Western Taiwan Straits	62	1,217,246	4,047,205	5,264,451	8.8
Pearl River Delta	18	358,490	1,890,673	2,249,163	3.8
Total	487	9,627,193	50,145,543	59,772,736	100.0

Notes:

- (1) Includes saleable GFA remaining unsold, leasable GFA and completed GFA that have been pre-sold but yet delivered.
- (2) Total land bank equals to the sum of (i) total completed GFA available for sale/leasable GFA and (ii) total GFA under development and held for future development, without adjusting the equity interest held by the Group in respect of the projects held by the Group's joint ventures or associates.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2021, 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		Change in percentage %
	31 December		
	2021	2020	
	<i>RMB'000</i>	<i>RMB'000</i>	
Revenue			
Sales of properties	75,533,446	65,500,822	+15.3%
Other services	562,994	428,258	+31.5%
Rental income	17,720	11,486	+54.3%
Total	<u>76,114,160</u>	<u>65,940,566</u>	<u>+15.4%</u>

Revenue recognised from sales of properties

The Group recorded revenue from the sales of properties amounted to RMB75,533.4 million for the year ended 31 December 2021, a year-on-year increase of 15.3%, and recognised a year-on-year increase in the total recognised GFA by approximately 18.9% to 9,119,390 sq.m. for the year ended 31 December 2021. Recognised ASP was RMB8,283 per sq.m. in the year ended 31 December 2021 versus RMB8,540 per sq.m. in the previous year.

Table 4: Breakdown of recognised revenue from sales of properties in 2021

	For the year ended 31 December 2021			
	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
Yangtze River Delta				
Wenzhou	6,959,877	9.2	510,471	13,634
Xuzhou	6,429,663	8.5	867,061	7,415
Lishui	3,530,497	4.7	199,015	17,740
Taizhou	3,504,173	4.6	229,764	15,251
Changzhou	1,795,600	2.4	157,738	11,383
Others	<u>14,208,258</u>	<u>18.8</u>	<u>1,440,980</u>	<u>9,860</u>
Subtotal	<u>36,428,068</u>	<u>48.2</u>	<u>3,405,029</u>	<u>10,698</u>
Midwest China				
Xuchang	2,802,739	3.7	407,732	6,874
Changsha	2,134,262	2.8	314,643	6,783
Zhaotong	1,807,039	2.4	263,806	6,850
Nanyang	1,632,633	2.2	242,319	6,738
Others	<u>20,444,354</u>	<u>27.1</u>	<u>3,148,153</u>	<u>6,494</u>
Subtotal	<u>28,821,027</u>	<u>38.2</u>	<u>4,376,653</u>	<u>6,585</u>
Pan-Bohai Rim				
Jinan	921,048	1.2	139,044	6,624
Tangshan	912,269	1.2	116,559	7,827
Others	<u>3,410,601</u>	<u>4.5</u>	<u>484,659</u>	<u>7,037</u>
Subtotal	<u>5,243,918</u>	<u>6.9</u>	<u>740,262</u>	<u>7,084</u>
Western Taiwan Straits	<u>3,689,967</u>	<u>4.9</u>	<u>434,084</u>	<u>8,501</u>
Pearl River Delta	<u>1,350,466</u>	<u>1.8</u>	<u>163,362</u>	<u>8,267</u>
Total	<u>75,533,446</u>	<u>100.0</u>	<u>9,119,390</u>	<u>8,283</u>

For the year ended 31 December 2020

	Revenue <i>RMB'000</i>	% to total revenue %	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>
Yangtze River Delta				
Wenzhou	6,732,510	10.3	486,952	13,826
Taizhou	5,765,061	8.8	442,349	13,033
Jinhua	4,013,333	6.1	312,734	12,833
Others	<u>17,306,651</u>	<u>26.4</u>	<u>1,843,286</u>	9,389
Subtotal	<u>33,817,555</u>	<u>51.6</u>	<u>3,085,321</u>	10,961
Midwest China				
Ningde	1,764,845	2.7	236,661	7,457
Dazhou	1,206,841	1.9	203,316	5,936
Others	<u>15,946,132</u>	<u>24.3</u>	<u>2,355,700</u>	6,769
Subtotal	<u>18,917,818</u>	<u>28.9</u>	<u>2,795,677</u>	6,767
Pan-Bohai Rim				
Linyi	974,636	1.5	92,194	10,572
Yantai	849,660	1.3	153,772	5,525
Laiwu	843,785	1.3	130,747	6,454
Others	<u>2,480,035</u>	<u>3.8</u>	<u>286,046</u>	8,670
Subtotal	<u>5,148,116</u>	<u>7.9</u>	<u>662,759</u>	7,768
Western Taiwan Straits				
Ganzhou	3,237,253	4.9	435,249	7,438
Shangrao	1,300,311	2.0	248,146	5,240
Others	<u>1,700,778</u>	<u>2.6</u>	<u>204,769</u>	8,306
Subtotal	<u>6,238,342</u>	<u>9.5</u>	<u>888,164</u>	7,024
Pearl River Delta				
Others	<u>1,378,990</u>	<u>2.1</u>	<u>238,356</u>	5,785
Subtotal	<u>1,378,990</u>	<u>2.1</u>	<u>238,356</u>	5,785
Total	<u>65,500,822</u>	<u>100.0</u>	<u>7,670,277</u>	8,540

Cost of sales

The Group's cost of sales increased by approximately 21.1% from RMB52,087.7 million for the year ended 31 December 2020 to RMB63,081.7 million for the year ended 31 December 2021. This increase was largely in line with the increase in the Group's total revenue.

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 5.9% from RMB13,852.9 million for the year ended 31 December 2020 to RMB13,032.5 million for the year ended 31 December 2021.

The Group's gross profit margin softened from 21.0% for the year ended 31 December 2020 to 17.1% for the year ended 31 December 2021, mainly because of the pressure from ASP, higher land acquisition costs relative to the respective ASP in respect of property projects delivered during the year, and impairment provisions made for certain development projects.

Other income and gains

The Group's other income and gains primarily include (i) gain on disposal of subsidiaries, joint ventures and associates; (ii) net foreign exchange difference; (iii) government grants; (iv) forfeiture of deposits; (v) changes in provision for financial guarantee contracts; and (vi) others, which mainly include sundry income. The Group's other income and gains increased by approximately 4.5% from RMB918.1 million for the year ended 31 December 2020 to RMB959.1 million for the year ended 31 December 2021.

Selling and distribution expenses

The Group's selling and distribution expenses increased by approximately 28.4% from RMB2,254.3 million for the year ended 31 December 2020 to RMB2,894.2 million for the year ended 31 December 2021, primarily due to the increase in marketing expenses incurred for the promotion of more property projects available for pre-sale during the year.

Administrative expenses

The Group's administrative expenses increased by approximately 24.1% from RMB2,848.0 million for the year ended 31 December 2020 to RMB3,534.2 million for the year ended 31 December 2021, primarily due to the increase in staff cost during the year. Since the fourth quarter of 2021, the Group began to streamline the structure and strengthen cost control measures.

Finance income

The Group's finance income, which mainly represents bank interest income, decreased by approximately 9.0% from RMB408.1 million for the year ended 31 December 2020 to RMB371.5 million for the year ended 31 December 2021.

Finance costs

The Group's finance costs increased by approximately 19.3% from RMB542.5 million for the year ended 31 December 2020 to RMB647.5 million for the year ended 31 December 2021.

The Group's total finance costs expensed and capitalised for the year ended 31 December 2021 was RMB4,773.3 million, representing an decrease of approximately 15.8% from RMB5,667.9 million for the year ended 31 December 2020. The decrease was due to the decrease in total indebtedness.

As at 31 December 2021, the Group's weighted average cost of indebtedness was approximately 9.0% (31 December 2020: approximately 8.5%).

Share of profits of joint ventures and associates

The Group's share of profits of joint ventures decreased by approximately 4.1% from RMB467.9 million for the year ended 31 December 2020 to RMB448.7 million for the year ended 31 December 2021.

The Group's share of profits of associates decreased by approximately 35.2% from RMB497.2 million for the year ended 31 December 2020 to RMB322.1 million for the year ended 31 December 2021.

On the aggregated basis, the Group's share of profits of joint ventures and associates amounted to RMB770.8 million for the year ended 31 December 2021, representing a year-on-year decrease of 20.1%. The change was primarily due to the decrease in delivery and profitability of property projects held by the Group's joint ventures and associates during the year ended 31 December 2021.

Profit before tax

As a result of the aforementioned changes of the Group's financials, the Group's profit before tax decreased by approximately 26.4% from RMB10,364.8 million for the year ended 31 December 2020 to RMB7,624.1 million for the year ended 31 December 2021.

Income tax expense

The Group's income tax expense comprises provisions made for corporate income tax and land appreciation tax in the PRC less deferred tax during the year. The Group's income tax expense decreased by approximately 24.5% from RMB3,798.4 million for the year ended 31 December 2020 to RMB2,868.0 million for the year ended 31 December 2021.

Profit for the year

As a result of the aforementioned changes of the Group's financials, the Group's net profit for the year (before deducting non-controlling interests) decreased by approximately 27.6% from RMB6,566.4 million for the year ended 31 December 2020 to RMB4,756.1 million for the year ended 31 December 2021.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continuously meet 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. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of indebtedness.

Net current assets

As at 31 December 2021, the Group's net current assets amounted to RMB27,947.6 million (31 December 2020: RMB37,114.6 million). Specifically, the Group's total current assets decreased by approximately 3.4% from RMB246,750.9 million as at 31 December 2020 to RMB238,418.8 million as at 31 December 2021. The Group's total current liabilities increased by approximately 0.4% from RMB209,636.3 million as at 31 December 2020 to RMB210,471.2 million as at 31 December 2021. The decreased 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 2021.

Cash position

The Group's cash and bank balances amounted to approximately RMB27,610.5 million in total as at 31 December 2021 (2020: approximately RMB34,232.4 million), representing a decrease of approximately 19.3% as compared with the end of 2020.

Financial Ratio

As at 31 December 2021, the Group had 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 75.8%, the net gearing ratio was approximately 35.4% and the non-restricted cash-to-current borrowings (calculated by dividing non-restricted cash and cash equivalents by current borrowings) was approximately 1.04.

Indebtedness

As at 31 December 2021, the Group had total outstanding indebtedness of RMB40,181.4 million (31 December 2020: RMB54,092.2 million), comprising bank and other borrowings of approximately RMB31,681.5 million (31 December 2020: RMB44,897.7 million), senior notes of approximately RMB8,181.3 million (31 December 2020: RMB8,876.8 million) and asset-backed securities of approximately RMB318.6 million (31 December 2020: RMB317.7 million).

Table 5: Breakdown of the Group's total indebtedness

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Current		
Bank loans		
— secured	801,660	1,402,958
— unsecured	74,800	63,710
Other loans		
— secured	1,313,769	6,537,022
— unsecured	4,229,644	2,064,473
Current portion of long-term bank loans		
— secured	4,007,963	4,136,130
— unsecured	—	1,050,000
Current portion of long-term other loans		
— secured	855,820	888,450
— unsecured	1,057,510	335,154
Senior notes	6,879,457	7,306,141
Asset-backed securities	318,641	—
Total current indebtedness	<u>19,539,264</u>	<u>23,784,038</u>
Non-current		
Bank loans		
— secured	12,698,700	20,890,568
— unsecured	—	—
Other loans		
— secured	5,058,860	3,603,520
— unsecured	1,582,796	3,925,768
Senior notes	1,301,830	1,570,623
Asset-backed securities	—	317,709
Total non-current indebtedness	<u>20,642,186</u>	<u>30,308,188</u>
Total indebtedness	<u>40,181,450</u>	<u>54,092,226</u>
Secured	25,055,413	37,776,357
Unsecured	15,126,037	16,315,869
Total indebtedness	<u>40,181,450</u>	<u>54,092,226</u>

By fixed or variable interest rates

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Fixed interest rate	34,498,405	44,140,675
Floating interest rate	<u>5,683,045</u>	<u>9,951,551</u>
Total Indebtedness	<u>40,181,450</u>	<u>54,092,226</u>

By currency denomination

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Denominated in RMB	31,043,808	42,710,756
Denominated in US\$	9,137,642	11,290,977
Denominated in HK\$	<u>—</u>	<u>90,493</u>
Total Indebtedness	<u>40,181,450</u>	<u>54,092,226</u>

By maturity profiles

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Bank loans repayable:		
— Within one year or on demand	4,884,423	6,652,798
— In the second year	6,452,777	9,916,429
— In the third to fifth year, inclusive	<u>6,245,923</u>	<u>10,974,139</u>
	<u>17,583,123</u>	<u>27,543,366</u>
Other borrowings repayable:		
— Within one year or on demand	7,456,743	9,825,099
— In the second year	6,333,356	6,299,288
— In the third to fifth year, inclusive	<u>308,300</u>	<u>1,230,000</u>
	<u>14,098,399</u>	<u>17,354,387</u>

	As at 31 December	
	2021	2020
	RMB'000	RMB'000
Senior notes repayable:		
— Within one year	6,879,457	7,306,141
— In the second year	<u>1,301,830</u>	<u>1,570,623</u>
	<u><u>8,181,287</u></u>	<u><u>8,876,764</u></u>
Asset-backed securities repayable:		
— Within one year	318,641	—
— In the second year	<u>—</u>	<u>317,709</u>
	<u>318,641</u>	<u>317,709</u>
Total	<u><u>40,181,450</u></u>	<u><u>54,092,226</u></u>

Pledge of assets

As at 31 December 2021, the Group's borrowings were secured by the Group's assets of RMB68,248.3 million (31 December 2020: RMB89,979.3 million) which includes (i) investment properties; (ii) properties under development; and (iii) pledged deposits.

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 2021, the Group had (i) cash and bank balances denominated in United States dollars and Hong Kong dollars of RMB234.5 million and RMB43.1 million, respectively, (ii) bank and other borrowings denominated in United States dollars of RMB956.4 million, and (iii) senior notes denominated in United States dollars of RMB8,181.3 million, all of which are subject to fluctuations in exchange rates. The Group has not entered into any foreign currency hedging arrangement. However, the Group will closely monitor its exposure to exchange rates in order to best preserve the Group's cash value.

Credit risk

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

Liquidity risk

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

CONTINGENT LIABILITIES

Mortgage guarantees

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

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

The total outstanding mortgage guarantee amounts provided by the Group to banks amounted to RMB61,946.8 million as at 31 December 2021 (31 December 2020: RMB56,769.4 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 completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Financial guarantees

As at 31 December 2021, the Group guaranteed certain of the bank and other borrowings made to its joint ventures, associates and third parties up to RMB16,146.9 million (31 December 2020: RMB12,193.5 million).

Legal contingents

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

COMMITMENTS

As at 31 December 2021, 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 RMB42,001.6 million (31 December 2020: RMB51,892.9 million).

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2021, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

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

Save as disclosed in this announcement, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures, nor was there any plan authorised by the Group for other material investments or additions of capital assets during the year ended 31 December 2021.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2021, the Group employed a total of 10,317 full-time employees (31 December 2020: 13,285). For the year ended 31 December 2021, the staff cost recognised as expenses of the Group amounted to RMB2,065.2 million (31 December 2020: RMB2,253.5 million). The Group offers its employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments, share options and share awards so as to attract and retain quality staff.

CORPORATE GOVERNANCE

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

The Company has adopted and applied the Corporate Governance Code as its own code on corporate governance and, to the best knowledge of the Directors, the Company has complied with all applicable code provisions under the Corporate Governance Code for the year ended 31 December 2021. 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 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct for the Directors' dealings in the securities of the Company. Upon specific enquiries of all the Directors, each of them has confirmed that he had complied with all applicable code provisions under the Model Code for the year ended 31 December 2021.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rule 3.21 to 3.23 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. As at the date of this announcement, the audit committee comprises of three members, namely Mr. AU YEUNG Po Fung, Mr. WANG Kaiguo and Mr. WU Xiaobo. The chairman of the audit committee is Mr. AU YEUNG Po Fung, who possesses appropriate professional qualifications.

The audit committee has reviewed and discussed the annual results for the year ended 31 December 2021.

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 2021 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 2021. 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:

“Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to Note 2.1 to the consolidated financial statements, which states that as at 31 December 2021, the Group’s current portion of interest-bearing bank and other borrowings, senior notes and asset-backed securities amounted to RMB19,539 million and certain senior notes with cross default clauses amounted to RMB1,302 million, while its cash and cash equivalents amounted to RMB20,281 million. This condition, along with other matters as set forth in Note 2.1, indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

July 2022 Notes

On 13 January 2021, the Company issued US\$200 million 9.5% senior notes due July 2022 (the “July 2022 Notes”) (which were consolidated and form a single series with the US\$250 million 9.5% senior notes due 2022 issued by the Company on 29 October 2020 and 23 November 2020) (stock code: 40439). The July 2022 Notes are listed and traded on the Stock Exchange. During the year ended 31 December 2021, the Group repurchased the July 2022 Notes with an aggregate principal amount US\$15,500,000. As at 31 December 2021, the July 2022 Notes with an aggregate principal amount of US\$450,000,000 remained outstanding.

January 2022 Notes

On 1 February 2021, the Company issued US\$250 million 7.5% senior notes due 2022 (the “January 2022 Notes”) (Stock code: 40567), which are listed and traded on the Stock Exchange. During the year ended 31 December 2021, the Group repurchased the January 2022 Notes with an aggregate principal amount of US\$75,310,000. As at 31 December 2021, an aggregate principal amount of US\$68,810,000 of the January 2022 Notes were cancelled and of US\$181,190,000 remained outstanding.

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

February 2021 Notes

On 5 January 2021, the Company commenced offers to purchase for cash with respect to the outstanding US\$250 million 8.75% senior notes due 2021 (stock code: 40149) (the “February 2021 Notes”) in accordance with the terms and conditions set out in an offer to purchase dated 5 January 2021 (the “February 2021 Notes Offer”).

The February 2021 Notes Offer was completed on 13 January 2021. Subject to the terms and conditions contained in the above-mentioned offer to purchase, the amount payable per principal amount validly tendered at or prior to the expiration deadline was US\$1,005.00 for each US\$1,000 in principal amount of the February 2021 Notes. The final aggregate principal amount of the February 2021 Notes accepted for purchase was US\$105,480,000. The February 2021 Notes repurchased pursuant to the February 2021 Notes Offer have been cancelled. On 16 February 2021, the Company fully redeemed the outstanding February 2021 Notes at the redemption amount of US\$144,520,000 plus accrued and unpaid interest.

June 2021 Notes

On 10 May 2021, the Company commenced offers to purchase for cash with respect to the outstanding US\$250 million 8.75% senior notes due 2021 (stock code: 40272) (the “June 2021 Notes”) in accordance with the terms and conditions set out in an offer to purchase dated 10 May 2021 (the “June 2021 Notes Offer”).

The June 2021 Notes Offer was completed on 18 May 2021. Subject to the terms and conditions contained in the above-mentioned offer to purchase, the amount payable per principal amount validly tendered at or prior to the expiration deadline was US\$1,005.00 for each US\$1,000 in principal amount of the June 2021 Notes. The final aggregate principal amount of the June 2021 Notes accepted for purchase was US\$153,040,000. The June 2021 Notes repurchased pursuant to the June 2021 Notes Offer have been cancelled.

On 27 June 2021, the Company fully redeemed the outstanding June 2021 Notes at the redemption amount of US\$96,960,000 plus accrued and unpaid interest.

May 2022 Notes

On 20 May 2021, the Company issued US\$300 million 8.5% green senior notes due 2022 (the “May 2022 Notes”) (stock code: 40680), which are listed and traded on the Stock Exchange. During the year ended 31 December 2021, the Group repurchased the May 2022 Notes with an aggregate principal amount of US\$10,200,000. As at 31 December 2021, the May 2022 Notes with an aggregate principal amount of US\$300,000,000 remained outstanding.

September 2021 Notes

During the year ended 31 December 2021, the Group repurchased 11.5% senior notes due September 2021 (the “September 2021 Notes”) (stock code: 40005), listed on the Stock Exchange, with an aggregate principal amount of US\$79,800,000 and cancelled such repurchased notes thereafter. On 20 September 2021, the Company fully redeemed the outstanding September 2021 Notes at the redemption amount of US\$320,200,000 plus accrued and unpaid interest.

November 2021 notes

During the year ended 31 December 2021, the Group repurchased 8.875% senior notes due November 2021 (the “November 2021 Notes”), listed on Singapore Stock Exchange Limited, with an aggregate principal amount of US\$103,472,000. An aggregate principal amount of US\$99,472,000 of the January 2022 Notes were cancelled thereafter and of US\$100,528,000 remained outstanding. On 22 November 2021, the Company fully redeemed the outstanding November 2021 Notes with the aggregate principal amount of US\$100,528,000 plus accrued and unpaid interest.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The 2022 AGM will be held on Thursday, 2 June 2022. A notice convening the AGM will be published on the Company’s website and the Stock Exchange’s website and despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

For the purpose of determining the Shareholders’ eligibility to attend, speak and vote at the 2022 AGM, the register of members of the Company will be closed from Monday, 30 May 2022 to Thursday, 2 June 2022, 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 2022 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, 27 May 2022.

THE BOARD OF DIRECTORS

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

PUBLICATION OF ANNUAL RESULTS

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk as well as the website of the Company at www.zldcgroup.com. The Company's 2021 annual report will be despatched to Shareholders and published on the aforementioned websites in due course.

FORWARD LOOKING STATEMENTS

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

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

Hong Kong, 30 March 2022

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
“Core net profit”	profit for the year excluding changes of fair value of investment properties and financial assets at fair value through profit or loss and listing and other non-recurring expenses, net of deferred tax
“Core net profit margin”	core net profit of the Company for the year divided by revenue for the year and multiplied by 100%
“Corporate Governance Code”	the corporate governance code contained in Appendix 14 to the Listing Rules, as amended from time to time
“Directors”	director(s) of the Company
“ESG”	Environmental, Social and Governance
“GFA”	gross floor area
“Gross profit margin”	gross profit for the year divided by revenue for the year and multiplied by 100%
“Group”	the Company and its subsidiaries
“LAT”	PRC land appreciation tax
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules

“Net gearing ratio”	the total indebtedness less cash and bank balances divided by the total equity at the end of the year multiplied by 100%
“Share(s)”	ordinary share(s) in the capital of the Company with the nominal value of HK\$0.01 each
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Total indebtedness”	total interest-bearing bank and other borrowings, senior notes and asset-backed securities
“Weighted average cost of indebtedness”	the weighted average of interest costs of all indebtedness outstanding as at the end of each year
“Zhongliang” or “Company”	Zhongliang Holdings Group Company Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the 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.