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港龍中國地產
GANGLONG CHINA PROPERTY

Ganglong China Property Group Limited

港龍中國地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6968)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2022 amounted to approximately RMB11,892 million, representing a year-on-year increase of approximately 15% as compared to the year ended 31 December 2021.
- Profit and total comprehensive income for the year ended 31 December 2022 amounted to approximately RMB581 million (2021: RMB1,102 million).
- Selling and marketing expenses and general and administrative expenses for the year ended 31 December 2022 amounted to approximately RMB416 million and RMB493 million, representing a year-on-year decrease of approximately 19% and 21% respectively, as compared to the year ended 31 December 2021.
- As of 31 December 2022, the Group's liabilities to assets ratio after excluding contract liabilities was approximately 56% (as at 31 December 2021: 64%).
- As of 31 December 2022, the Group's net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 24% (as at 31 December 2021: 24%).
- As of 31 December 2022, total cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 1.5 times (as at 31 December 2021: 2.5 times).

The board (the “**Board**”) of directors (the “**Directors**”) of Ganglong China Property Group Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2022 with the comparative figures for the year ended 31 December 2021 as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
Revenue	3	11,892,348	10,368,685
Cost of sales	4	(9,914,494)	(7,968,312)
Gross profit		1,977,854	2,400,373
Other income and other gains, net		45,757	87,289
Selling and marketing expenses	4	(416,105)	(514,368)
General and administrative expenses	4	(493,116)	(626,590)
Fair value gains on investment properties		–	2,120
Operating profit		1,114,390	1,348,824
Finance income	5	32,421	43,575
Finance costs	5	(150,440)	(281,605)
Finance costs, net	5	(118,019)	(238,030)
Share of results of joint ventures and associates		79,017	393,009
Profit before income tax		1,075,388	1,503,803
Income tax expenses	6	(494,233)	(401,622)
Profit and total comprehensive income for the year		581,155	1,102,181
Profit attributable to:			
Owners of the Company		121,886	480,936
Non-controlling interests		459,269	621,245
		581,155	1,102,181
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
– Basic and diluted	7	0.07	0.30

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	<i>Notes</i>	2022 RMB'000	2021 <i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		105,965	138,939
Investment properties		183,020	183,020
Investments accounted for using the equity method		1,364,263	1,619,884
Deferred income tax assets		400,971	409,496
		<hr/>	<hr/>
Total non-current assets		2,054,219	2,351,339
Current assets			
Properties under development		30,736,363	36,670,782
Completed properties held for sale		2,142,458	2,375,337
Trade and other receivables and prepayments	8	2,475,755	1,804,477
Amounts due from associates		129,976	129,850
Amounts due from joint ventures		170,957	253,761
Amounts due from non-controlling interests		3,740,880	3,960,807
Financial assets at fair value through profit or loss		3,952	–
Tax recoverable		917,210	1,497,073
Restricted cash		2,914,221	4,608,272
Pledged time deposits		55,116	71,657
Cash and cash equivalents		1,172,191	2,304,919
		<hr/>	<hr/>
Total current assets		44,459,079	53,676,935
		<hr/>	<hr/>
Total assets		46,513,298	56,028,274

	<i>Notes</i>	2022 <i>RMB'000</i>	2021 <i>RMB'000</i>
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	10	14,838	14,900
Reserves		<u>3,935,734</u>	<u>3,826,972</u>
		3,950,572	3,841,872
Non-controlling interests		<u>7,176,974</u>	<u>6,435,880</u>
Total equity		<u>11,127,546</u>	<u>10,277,752</u>
LIABILITIES			
Non-current liabilities			
Borrowings		4,024,602	6,736,574
Deferred income tax liabilities		236,650	157,124
Lease liabilities		<u>56,422</u>	<u>80,188</u>
Total non-current liabilities		<u>4,317,674</u>	<u>6,973,886</u>
Current liabilities			
Trade payables, bills payables and other payables	9	4,053,621	5,076,982
Lease liabilities		9,561	16,629
Contract liabilities		21,294,053	27,240,235
Amounts due to associates		653,711	705,827
Amounts due to joint ventures		680,499	804,488
Amounts due to non-controlling interests		1,465,986	1,858,586
Tax payable		169,045	315,876
Borrowings		<u>2,741,602</u>	<u>2,758,013</u>
Total current liabilities		<u>31,068,078</u>	<u>38,776,636</u>
Total liabilities		<u>35,385,752</u>	<u>45,750,522</u>
Total equity and liabilities		<u>46,513,298</u>	<u>56,028,274</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 8 October 2018 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is 4th Floor, Harbour Place, 103 South Church Street, P.O. Box 10240, Grand Cayman KY1-1002, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred to as the “**Group**”) in the People’s Republic of China (the “**PRC**”) is located at No. 11 Building, Portmix South District, No. 2177 Shenkun Road, Minhang District, Shanghai, PRC. The principal place of business of the Company in Hong Kong is located at Suite 501, 5/F, 28 Hennessy Road, Wan Chai, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the development of real estate projects in the PRC. The Company’s shares were listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 15 July 2020.

The consolidated financial statements are presented in Renminbi (“**RMB**”), unless otherwise stated.

The consolidated financial statements have been approved for issue by the Board of the Company on 31 March 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622 (“**HKCO**”). The consolidated financial statements have been prepared under the historical cost convention, except as modified by financial assets at fair value through profit or loss and investment properties which are measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(a) New and amendments to standards adopted by the Group

The following new and amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16 (March 2021)	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendments to Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements project	Annual Improvements to HKFRSs 2018–2020 Cycle

The adoption of the above new and amendments to standards did not have significant financial impact on the consolidated financial statements.

(b) New standard and amendments to existing standards issued but not yet effective for the financial year beginning on or after 1 January 2023 and have not been early adopted by the Group:

		Effective for accounting periods beginning on or after
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
HKFRS 17 and Amendments to HKFRS 17	Insurance Contracts and the related Amendments	1 January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

3. REVENUE AND SEGMENT INFORMATION

The executive directors of the Company (the “**Executive Directors**”) have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group’s internal reports, which are then submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors assess the performance of the operating segment based on a measure of profit before income tax and regard these to be only one operating segment – property development. Accordingly, segment disclosures are not presented. No geographical segment analysis is presented as the majority of the assets and operation of the Group are located in Mainland China, which is considered as one geographical location in an economic environment with similar risk and returns.

For the years ended 31 December 2022 and 2021 there was no transaction with a single external customer that amounted to 10% or more of the Group’s revenue.

The revenue from contracts with customers recognised during the years ended 31 December 2022 and 2021 are sales of properties in the PRC, all of which were recognised at a point in time.

The revenue from external parties is derived from numerous external customers and the revenue reported to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

	Year ended 31 December	
	2022	2021
	<i>RMB’000</i>	<i>RMB’000</i>
Sales of properties	<u>11,892,348</u>	<u>10,368,685</u>

4. EXPENSES BY NATURE

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of properties sold – including construction cost, land cost, capitalised interest expenses	9,784,004	7,917,295
Provision for impairment of properties under development and completed properties held for sale	71,414	–
Other taxes and surcharges	59,076	51,017
Employee benefit expenses	320,598	545,997
Management and consulting services fee	46,125	47,197
Donation	966	144
Advertising and promotion expenses	192,261	188,195
Office expenses	132,116	126,343
Depreciation on property, plant and equipment and right-of-use assets	35,598	37,831
Entertainment expenses	31,656	42,811
Expenses related to short-term and low-value leases	4,645	2,719
Recruitment fee	131	3,270
Motor vehicle expenses	3,213	3,111
Auditors' remuneration		
– Audit services	4,750	4,565
– Non-audit services	160	645
Legal and professional service fees	60,436	58,099
Travelling and transportation expenses	8,245	15,586
Sales commission	57,879	50,326
Others	10,442	14,119
	<u>10,823,715</u>	<u>9,109,270</u>
Total cost of sales, selling and marketing expenses and general and administrative expenses		

5. FINANCE COSTS, NET

	Year ended 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Finance income		
– Interest income from bank deposits	(32,421)	(43,575)
Finance costs		
– Bank and other borrowings	689,568	917,041
– Amount due to associates and a joint venture	24,712	40,139
– Amounts due to non-controlling interests	6,374	30,785
– Lease liabilities	5,783	6,305
– Less: capitalised interest	(575,997)	(712,665)
	<u>150,440</u>	<u>281,605</u>
Finance costs, net	<u>118,019</u>	<u>238,030</u>

6. INCOME TAX EXPENSES

	Year ended 31 December	
	2022	2021
	RMB'000	RMB'000
Current income tax:		
– PRC corporate income tax	263,356	362,756
– PRC land appreciation tax	142,826	53,804
	<u>406,182</u>	<u>416,560</u>
Deferred income tax	88,051	(14,938)
	<u>494,233</u>	<u>401,622</u>

PRC corporate income tax

The income tax provision of the Group in respect of operations in PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in mainland China is 25% according to the Corporate Income Tax Law of the People's Republic of China (the "CIT Law").

PRC land appreciation tax ("LAT")

Pursuant to the requirements in relation to LAT in the PRC, all income from the sale or transfer of state-owned land use rights, building and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate.

PRC withholding tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2017, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong.

On 21 December 2020, the immediate holding companies of the PRC subsidiaries have obtained the Certificate of Resident Status from the Inland Revenue Department and fulfill the requirements to the tax treaty arrangements between the PRC and Hong Kong. Therefore, a lower 5% withholding tax rate shall be applied to dividend distribution thereafter.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the respective years.

	Year ended 31 December	
	2022	2021
Profit attributable to owners of the Company (<i>RMB'000</i>)	121,886	480,936
Weighted average number of ordinary shares in issue (<i>in thousand</i>)	1,625,345	1,630,249
Basic earnings per share (<i>RMB</i>)	<u>0.07</u>	<u>0.30</u>

(b) Diluted

The Company did not have any potential dilutive shares outstanding during the years ended 31 December 2022 and 2021. Accordingly, diluted earnings per share is the same as the basic earnings per share.

8. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from third parties (<i>Note (a)</i>)	65,269	46,984
Other receivables	784,526	1,010,465
Prepayments	<u>1,625,960</u>	<u>747,028</u>
Total trade and other receivables and prepayments	<u>2,475,755</u>	<u>1,804,477</u>

The carrying amounts of the trade and other receivables and prepayments approximate their fair values and are denominated in RMB.

(a) Trade receivables from third parties

Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

Ageing analysis of the trade receivables based on invoice dates is as follows:

	As at 31 December	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
0–30 days	<u>65,269</u>	<u>46,984</u>

As at 31 December 2022, trade receivables of RMB65,269,000 (2021: RMB46,984,000) were overdue but not impaired and fully relate to certain customers that have good settlement record with the Group.

For these past due trade receivables, the Group has assessed the expected credit losses by considering historical loss experiences, existing market conditions and forward-looking information. Based on the assessment, expected credit loss rate of trade receivables is close to zero. Therefore, the loss allowance provision for these receivables balances was not material.

9. TRADE PAYABLES, BILLS PAYABLES AND OTHER PAYABLES

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
Trade payables (<i>Note (a)</i>)	3,734,166	4,437,831
Bills payables	4,394	22,990
Other payables	315,061	616,161
	<u>4,053,621</u>	<u>5,076,982</u>

(a) The ageing analysis of the trade payables based on invoice dates or contractual terms is as follows:

	As at 31 December	
	2022	2021
	RMB'000	RMB'000
0–30 days	2,906,145	3,849,597
31–60 days	374,935	251,814
61–90 days	360,487	294,878
Over 90 days	92,599	41,542
	<u>3,734,166</u>	<u>4,437,831</u>

10. SHARE CAPITAL

	Number of shares	Share capital HK\$
Authorised:		
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	10,000,000,000	100,000,000
	<u>Number of shares</u>	<u>Share capital RMB'000</u>
Issued:		
At 1 January 2021	1,630,618,000	14,919
Cancellation of shares (<i>Note (a)</i>)	(2,077,000)	(19)
	<u>1,628,541,000</u>	<u>14,900</u>
At 31 December 2021 and 1 January 2022	1,628,541,000	14,900
Cancellation of shares (<i>Note (a)</i>)	(6,742,000)	(62)
	<u>1,621,799,000</u>	<u>14,838</u>
At 31 December 2022	1,621,799,000	14,838

(a) **Cancellation of shares**

During the year ended 31 December 2022, the Group acquired 4,905,000 shares of the Company through purchases from the Stock Exchange in January, September, October and November 2022. The total amount paid to acquire such shares was RMB13,186,000 (equivalent to HK\$14,745,000). During the year ended 31 December 2022, 6,742,000 shares were cancelled and accordingly, share capital and share premium amounting to RMB62,000 and RMB19,255,000 respectively were deducted.

11. DIVIDEND

The Board does not recommend the payment of dividend for the years ended 31 December 2022 (2021: nil).

12. SUBSEQUENT EVENTS

On 12 January 2023, Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd. (the “**JV Partner**”), Anhui Gangfan Real Estate Co., Ltd. (an indirect and wholly-owned subsidiary of the Company), Anhui Ganglong Real Estate Co., Ltd. (an indirect and wholly owned subsidiary of the Company), Huangshan Ganglong Real Estate Co., Ltd. and Guangde Gangxing Real Estate Co., Ltd. entered into an equity interests swap agreement (“**Equity Interests Swap**”), pursuant to which JV Partner agrees to transfer its 30% equity interests in Huangshan Ganglong Real Estate Co., Ltd. (“**Huangshan Project Co**”) to Anhui Ganglong Real Estate Co., Ltd.; and Anhui Gangfan Real Estate Co., Ltd. agrees to transfer the 100% equity interests in Guangde Gangxing Real Estate Co., Ltd. (“**Guangde Project Co**”) it held, to the JV Partner. The Group is in the process of performing a valuation on the fair value of assets and liabilities of Huangshan Project Co and Anhui Gangfan Real Estate Co., Ltd.

Huangshan Project Co holds the entire interests in a property under development, located at North Side of Beihai Road, Tunguang Town, Tunxi District, Huangshan City, Anhui Province.

Guangde Project Co holds the entire interests in a property development project, located at Yaoshang Plot, Taiji Avenue, Guangde City, Xuancheng City, Anhui Province.

Following the completion of the Equity Interests Swap, (i) the Company will no longer hold any equity interests in Guangde Project Co, which will cease to be a subsidiary of the Company and the Guangde Project Co will no longer be consolidated into the financial statements of the Group; and (ii) the Huangshan Project Co will become a wholly-owned subsidiary of the Group.

MANAGEMENT’S DISCUSSION AND ANALYSIS

GENERAL OVERVIEW

Ganglong China Property is an established property developer in China. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (Stock Code: 6968.HK) by way of the Global Offering on 15 July 2020 (the “**Listing**”). This marked an important milestone in the development of the Company.

Headquartered in Shanghai, the Group is an active real estate developer in China. Adhering to our core value of “striving for innovation, building with integrity”, the Group believes that we have developed splendid reputation in our market for constant innovation, excellent quality of our various products and credibility.

The real estate market was affected by the epidemic. With the gradual effectiveness of the Central and Local government policies, such as decrease in interest rate, supportive policies on both the supply and demand sides as well as the implementation of major plans, and renewed confidence from home buyers, the market has gradually recovered. At the same time, the Group seized the opportunities of the sales window period and stepped up the promotion efforts with innovative marketing model. Thanks to the efforts by all of our employees, the amount of contracted sales of the Group for the year ended 31 December 2022 was approximately RMB13,004 million.

In terms of the macro-economy in the coming year, the real estate market will benefit from the stable financial environment. The reduction of financing costs of property developers and the reduction of costs of home ownership are conducive to the recovery and development of the market. In terms of policy, the regulation and control of the real estate market will adhere to the position of “housing without speculation”. Although there is adjustment pressure to the national real estate market size, there is still room for the suppressed demand during the short-term epidemic, the demand for investment value preservation driven by the improvement of credit environment, and the demand for home improvement driven by the epidemic. The Group will seize the opportunities of the sales window, implement a strategy of “high turnover”, and maintain enthusiasm for construction. Facing the uncertainty of the epidemic and economic development, the current situation of real estate products and services, and the trend of demand for home in the post-epidemic era, we will focus on sales proceeds and reach our sales targets, and, at the same time, increase our effort on exploration of gaining footholds in cities with potential and product innovation, so as to better enhance the quality of our products, as well as to achieve sustainable and stable quality growth.

In the coming year, the Group will continue to find opportunities to achieve national layout. We will make progress in development of the business of the Group to reward all of our Shareholders.

BUSINESS REVIEW

The Group derives its revenue primarily from sales of properties. For the year ended 31 December 2022, the Group recorded a total revenue of approximately RMB11,892 million, representing a year-on-year increase of approximately 15%.

Contracted sales

For the year ended 31 December 2022, including those of joint ventures and associates, the Group recorded unaudited contracted sales of approximately RMB13,004 million. Contracted gross floor area (“GFA”) sold was approximately 994,244 sq.m.. The average selling price (“ASP”) of our contracted sales for the year ended 31 December 2022 was approximately RMB13,082 per sq.m..

As of 31 December 2022, the Group had contract liabilities of approximately RMB21,294 million.

Sales of properties

For the year ended 31 December 2022, the revenue of the Group from sales of properties increased by approximately 15% year-on-year to approximately RMB11,892 million. The Group recognised total GFA of approximately 1,106,880 sq.m., representing an increase of approximately 16% as compared to 2021. The ASP of the properties recognised as property sales was approximately RMB10,744 per sq.m..

The following table sets out the recognised sales and GFA sold by type of properties and city for the year ended 31 December 2022:

	Recognised GFA <i>sq.m.</i>	Recognised ASP <i>RMB/sq.m.</i>	Recognised revenue <i>RMB'000</i>
<i>Residential, retail and commercial</i>			
Shaoxing	174,380	15,303	2,668,495
Changzhou	147,258	10,264	1,511,398
Huaian	122,214	9,635	1,177,560
Suzhou	63,051	16,123	1,016,601
Yancheng	86,173	10,190	878,070
Taizhou	71,553	11,555	826,770
Yiwu	40,781	18,285	745,667
Huizhou	69,760	9,387	654,849
Huzhou	59,325	10,431	618,813
Nanjing	32,510	16,287	529,478
Wuhu	67,135	6,166	413,933
Panzhou	61,548	4,898	301,450
Nantong	2,444	11,827	28,904
Lianyungang	1,653	10,160	16,795
Hangzhou	180	19,144	3,446
<i>Car parks and garage/storage</i>	106,915	4,678	500,119
Total	1,106,880	10,744	11,892,348

Land reserves

Leveraging on the Group's deep understanding of the property markets and intensive studies on the target cities, the Group continued to strategically select and acquire parcels of land at strategic and advantageous locations in those regions and cities in order to further develop the Group's presence in those markets. As of 31 December 2022, the Group (together with its joint ventures and associates) had 70 projects with land reserves amounting to 7,531,063 sq.m., of which 63 projects were located in cities in the Yangtze River Delta region. Moreover, the Group had arranged its layout in the Guangdong-Hong Kong-Macau Greater Bay Area and Southwest China and has successfully obtained quality projects in Guangzhou and Chengdu as of 31 December 2022.

The following table sets out the GFA breakdown of the total land reserve of our Group by province or cities as of 31 December 2022:

Province	Total land reserve⁽¹⁾ (sq.m.)	Percentage of total land bank (%)
Jiangsu	3,378,699	45%
Guangdong	1,672,855	22%
Anhui	1,420,813	19%
Zhejiang	401,423	5%
Guizhou	303,177	4%
Henan	192,223	3%
Sichuan	144,524	2%
Shanghai	17,349	0%
Total	7,531,063	100%

Notes:

- (1) Total land reserve equals to the sum of (i) The total GFA available for sale and total leasable GFA for completed properties; (ii) total GFA for properties under development; and (iii) total GFA for properties held for future development.
- (2) For projects developed by our subsidiaries, joint ventures or associated companies, 100% of total GFA are accounted for the respective projects.

FINANCIAL REVIEW

Overall performance

During the year ended 31 December 2022, total revenue of the Group was approximately RMB11,892 million, representing a year-on-year increase of approximately 15%. Gross profit and net profit of the Group was approximately RMB1,978 million and RMB581 million, respectively.

Revenue

For the year ended 31 December 2022, the Group recorded a total revenue of approximately RMB11,892 million, representing a year-on-year increase of approximately 15%. The increase was primarily attributable to the growth in recognised sales of properties, driven by an increase in the Group's property projects delivered during the year.

Cost of sales

The cost of sales of the Group mainly represents the costs incurred directly for sale of properties, which comprised construction costs, land costs and capitalised interest.

For the year ended 31 December 2022, the cost of sales of the Group was approximately RMB9,914 million (2021: RMB7,968 million).

Gross profit

For the year ended 31 December 2022, the gross profit of the Group was approximately RMB1,978 million, representing a year-on-year decrease of approximately 18%. Gross profit margin was primarily affected by the selling prices, the construction costs and land costs of our properties delivered. For the year ended 31 December 2022, the Group recorded a gross profit margin of approximately 17%, as compared to approximately 23% in 2021. The decrease in the gross profit margin was mainly due to the intense market competition and continuously tightened real estate regulatory policies in the industry.

Other income and other gains, net

The Group had other income of approximately RMB46 million for the year ended 31 December 2022, as compared to approximately RMB87 million for the year ended 31 December 2021. During the year ended 31 December 2022, it primarily consisted of management and consulting service income of approximately RMB18 million, income arising from withdrawal of certain associates of approximately RMB22 million and income arising from withdrawal of a joint venture of approximately RMB11 million. The management and consulting services mainly comprise of the assignment of staff and personnel to support the operation of the relevant project companies including but not limited to services with respect to managerial, operational, financial and marketing aspects and are provided exclusively to the Group's joint ventures and associates in relation to the property development projects. The decrease was primarily attributable to the absence of one-off fair value gains on disposal of listed securities investment in 2022 as compared to 2021.

Selling and marketing expenses

The Group's selling and marketing expenses decreased by approximately 19% year-on-year from approximately RMB514 million for the year ended 31 December 2021 to approximately RMB416 million for the year ended 31 December 2022. The decrease was primarily attributable to the better control measures in marketing and advertising costs and the reduction in staff costs.

General and administrative expenses

The Group's general and administrative expenses decreased by approximately 21% year-on-year from approximately RMB627 million for the year ended 31 December 2021 to approximately RMB493 million for the year ended 31 December 2022. The decrease in general and administrative expenses was primarily due to organisation streamlining to lift efficiency at a lower cost.

Finance costs – net

Net finance costs of the Group decreased by approximately 50% year-on-year from approximately RMB238 million for the year ended 31 December 2021 to approximately RMB118 million for the year ended 31 December 2022. The decrease was due to the lower weighted average effective interest rates of interest-bearing debts, lower average principal balances of interest-bearing debts and higher efficiency in matching interest bearing debts to finance various property development projects.

Share of results of joint ventures and associates

The Group accounts for the results of joint ventures and associates using the equity method, which mainly represent the share of profits related to the projects delivered during the relevant period that have been offset by losses incurred by other joint ventures and associates.

Share of profits of joint ventures and associates was approximately RMB79 million and RMB393 million for the years ended 31 December 2022 and 2021 respectively. The change was in line with the decrease in revenue from sales of properties of the joint ventures and associates.

Income tax expenses

Income tax expenses increased by 23% from approximately RMB402 million for the year ended 31 December 2021 to approximately RMB494 million for the year ended 31 December 2022, which was primarily attributable to the combined effect of (a) increase in the number of projects delivered during the year and (b) increase in land appreciation tax expenses for the projects delivered during the year. The effective tax rates, excluding the share of results of joint ventures and associates, were 50% and 36% for the years ended 31 December 2022 and 2021.

Profit and total comprehensive income for the year

The Group's profit and total comprehensive income was approximately RMB581 million for the year ended 31 December 2022 (2021: RMB1,102 million). The profit attributable to owners of the Company was approximately RMB122 million for the year ended 31 December 2022 (2021: RMB481 million).

The basic and diluted earnings per share of the Company was RMB0.07 per share for the year ended 31 December 2022 (2021: RMB0.30 per share).

Liquidity and financial resources

The Group has always pursued a prudent treasury management policy and actively manages its liquidity position with sufficient standby banking facilities to cope with daily operation and demands for capital for future development.

During the year ended 31 December 2022, the Group had financed its working capital, capital expenditure and other capital requirements primarily through (i) cash generated from operations, including proceeds from the pre-sale and sales of our properties; and (ii) bank loans, trust financing, issuance of senior notes and other financings.

As of 31 December 2022, the Group had total cash (including restricted cash, pledged time deposits and cash and cash equivalents) of approximately RMB4,142 million (as at 31 December 2021: approximately RMB6,985 million). The Group maintained a relatively sufficient cash level.

During the year ended 31 December 2022, the aggregate new borrowings obtained by the Group amounted to approximately RMB2,228 million and repayment of borrowings was approximately RMB4,991 million. As of 31 December 2022, the Group's total bank and other borrowings amounted to approximately RMB6,766 million, representing a decrease of approximately 29% compared to approximately RMB9,495 million as of 31 December 2021. Amongst bank and other borrowings, approximately RMB2,741 million (as at 31 December 2021: approximately RMB2,758 million) will be repayable within one year and approximately RMB4,025 million (as at 31 December 2021: approximately RMB6,737 million) will be repayable after one year.

Senior notes

In November 2021, the Company issued notes with an aggregate principal amount of US\$158 million (the “**2022 Senior Notes**”). The 2022 Senior Notes bear interest at a fixed rate of 13.5% per annum, payable semi-annually in arrears.

In November 2022, the completion of the exchange offer had resulted in the issuance of principal amount of US\$145 million new notes pursuant to the exchange offer (the “**2023 Senior Notes**”). In November 2022, all outstanding 2022 Senior Notes with principal amount of US\$13 million were due and redeemed by the Company in full at maturity. The 2023 Senior Notes bear interest at a fixed rate of 13.5% per annum, payable semi-annually in arrears.

The issuance of the abovementioned senior notes was for the purpose of general working capital of the Group.

Key financial ratios

As of 31 December 2022, the Group’s net gearing ratio (calculated as the total borrowings net of restricted cash, pledged time deposits and cash and cash equivalents divided by total equity) was 24% (as at 31 December 2021: 24%). As of 31 December 2022, the Group’s liabilities to assets ratio after excluding contract liabilities was approximately 56% (as at 31 December 2021: 64%). As of 31 December 2022, total cash to short term debt ratio (calculated as cash and bank balances divided by short term bank and other borrowings) was 1.5 times (as at 31 December 2021: 2.5 times). The decrease in both the net gearing ratio and liabilities to assets ratio was primarily attributable to the increase in total equity by delivery of more projects and capital contribution by non-controlling interest. The Group actively monitors and manages its cash to short-term debt ratio, net gearing ratio and liabilities to assets ratio. The Group will continue to manage its working capital efficiently through working capital management policies and continue to utilise the Group’s available financial resources including proceeds from sales and pre-sales of property projects, draw down of banking facilities and other borrowings and optimise the payment schedule to contractors through negotiation based on the latest construction progress.

The Group’s current ratio is calculated based on its total current assets divided by its total current liabilities as of the respective dates. The Group’s current ratio had increased from approximately 1.38 times as of 31 December 2021 to approximately 1.43 times as of 31 December 2022. The current ratio was maintained at a stable level throughout the years.

Foreign exchange risk

The Group mainly operates its business in China. Other than the offshore senior notes which are denominated in US\$, the Group did not have any other material direct exposure to foreign exchange fluctuations for the year ended 31 December 2022. The Directors expect that any fluctuation of RMB's exchange rate will not have any material adverse effect on the operation of the Group.

As of 31 December 2022, the Group has not entered into any hedging transactions. The Group manages its foreign exchange risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

The Group's interest rate risk arises from its borrowings. Except for the offshore senior notes the interest rate of which is fixed, most of the Group's borrowings are denominated in RMB, and their interest rates on the Group's borrowings are primarily affected by the benchmark interest rates set by the People's Bank of China. The Group manages its interest rate risk by closely monitoring the trend of interest rate fluctuation and its impact on the Group's interest rate risk exposure, as well as regulating the debt portfolio of the Group.

Pledge of assets

As of 31 December 2022, certain of the Group's bank and other borrowings were secured by its pledged time deposit, equity interests of group companies, properties under development, completed properties held for sales and investment properties with total carrying values of approximately RMB19,375 million (31 December 2021: RMB18,082 million).

Commitments

As of 31 December 2022, the Group had commitments that are contracted but not provided for as follows:

	31 December 2022 (RMB'000)	31 December 2021 (RMB'000)
Contracted but not provided for	<u>6,481,219</u>	<u>8,101,524</u>

The amount represented capital commitment for construction contracts and agreed proposed development contracts determined based on current estimated budgets.

Financial guarantees and contingent liabilities

As of 31 December 2022, the Group's total financial guarantees are as follows:

	31 December 2022 (RMB'000)	31 December 2021 (RMB'000)
Guarantee in respect of mortgage facilities for certain purchasers	13,687,789	11,470,684
Guarantee provided for the borrowings of joint ventures	285,425	288,926
Total	13,973,214	11,759,610

During the year ended 31 December 2022, the Group had arranged for bank financing for certain purchasers of our properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees periods start from the date of grant of mortgage, and terminate upon the earlier of (i) the issuance of the property ownership certificate to the purchaser; or (ii) the satisfaction of mortgage loans by the purchasers of our properties. Pursuant to the terms of these guarantees, upon default of mortgage payments by these purchasers, the bank may demand us to repay the outstanding mortgage principal of the loan together with accrued interest owed by the defaulting purchasers to the banks. Under such circumstances, the Group are entitled to forfeit the relevant purchaser's deposit and resell the property to recover any amounts paid by the Group to the bank. The Directors consider that the likelihood of default of payments by the purchasers is minimal and the Group's credit risk is significantly mitigated.

The Group also provided guarantee for borrowings of the Group's joint ventures and associates from time to time in proportion to its equity interests. The relevant borrowings were primarily from banks to finance property development projects of these joint ventures and associates, whereby the land use rights of the joint ventures and associates were pledged to the banks and our guarantees were provided in addition to the pledges. The Directors consider that the likelihood of default in payments by the joint ventures and associates is minimal and therefore the financial guarantees measured at fair value is immaterial and no liabilities was recognised.

As of 31 December 2022, the Group had no other material contingent liabilities.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

During the year ended 31 December 2022, the Group did not have any material acquisition or disposal of subsidiaries, associates or joint ventures.

Future plans for material investments

The Group will continue to invest in its property development projects and acquire suitable land parcels, if it thinks fit. These investments would be funded by internal resources and/or external borrowings. Save as disclosed above, the Group did not have any future plans for material investments as of the date of this announcement.

Human resources

As of 31 December 2022, the Group had a total of 744 employees (31 December 2021: 1,180 employees). Total expenditure on salary and welfare of the Group's employees for the year ended 31 December 2022 amounted to approximately RMB321 million (for the year ended 31 December 2021: approximately RMB546 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. In general, the Group provides competitive remuneration packages to employees, which include basic salaries, performance-based rewards and year-end bonus. The Group also pays social security insurance for the Group's employees, including medical insurance, work-related injury insurance, endowment insurance, maternity insurance, unemployment insurance and housing funds. In terms of employee training, the Group provides consistent and systematic training to employees based on their positions and expertise in order to enhance their expertise in real estate and their related fields.

FUTURE OUTLOOK

In 2023, China's economy will accelerate the pace of recovery, active fiscal policies will increase its effectiveness, and the state will further improve the confidence and expectation of the market entities. The country insists on the direction of "houses are for living in and not for speculative investment". Since it is the first year of the three-year pandemic control release, economic construction will become an important task for the whole country. The government once again emphasized that real estate is a pillar industry of the national economy and plays an important role in promoting the growth of domestic demand, so it has great potential. Many cities have issued support policies for real estate at the beginning of the year. The financing chain of real estate enterprises is expected to be further smoothed, corporate capital access is expected to be improved. "Ensuring project delivery" is still the focus, and property purchasers are expected to get further improvement. After the current cycle and the clearing of risks, the industry has gradually entered a healthy development trend.

In 2023, we will continue to carry forward the corporate culture of "integrity, vigorousness, responsibility, pragmatism, simplicity and efficiency", and fully promote the implementation of product strategy, cost strategy and marketing power strategy. We always insist on "improving quality, reducing costs, reducing expenses and increasing efficiency". We focus on accelerating sales, ensuring delivery and securing cash flow, and maintain a steady and sustainable growth with like-minded partners and hardworking employees.

PURCHASE, REDEMPTION OR SALE OF THE COMPANY'S LISTED SECURITIES

During the year, the Group repurchased an aggregate of 4,905,000 ordinary Shares at an aggregate consideration of approximately HK\$14,744,505 on the Stock Exchange as follows:

Date of Repurchase	No. of Shares repurchased	Consideration per share		Total Consideration HK\$
		Highest HK\$	Lowest HK\$	
13 January 2022	247,000	4.4100	4.2300	1,068,473
2 September 2022	326,000	4.0600	3.9500	1,306,184
5 September 2022	74,000	4.0600	3.9600	297,850
6 September 2022	244,000	4.0700	3.9600	991,177
7 September 2022	238,000	4.0500	4.0300	963,781
8 September 2022	151,000	4.0400	3.9900	609,934
9 September 2022	13,000	4.1400	4.0200	53,351
13 September 2022	81,000	4.0600	4.0000	328,739
14 September 2022	147,000	3.9900	3.9400	584,942
15 September 2022	58,000	4.0300	3.9700	233,038
16 September 2022	184,000	4.0200	4.0000	739,643
19 September 2022	165,000	3.9900	3.9400	656,552
20 September 2022	150,000	3.9700	3.9300	593,895
21 September 2022	10,000	3.8900	3.6900	37,100
22 September 2022	276,000	4.0800	3.6500	1,038,648
23 September 2022	29,000	3.3300	3.0500	91,730
26 September 2022	37,000	3.1800	3.0000	111,892
27 September 2022	84,000	3.1400	2.8200	247,363
28 September 2022	94,000	3.0400	2.6400	265,108
29 September 2022	109,000	2.8300	2.2900	277,819
13 October 2022	64,000	2.0500	1.9900	128,998
14 October 2022	161,000	2.1200	1.9900	324,383
18 October 2022	86,000	2.0400	1.9900	172,198
19 October 2022	38,000	2.1500	2.0500	80,780
20 October 2022	142,000	2.0700	1.9700	284,796
21 October 2022	95,000	2.1200	2.0000	195,833
24 October 2022	69,000	2.1300	1.9400	138,469
25 October 2022	71,000	2.0700	1.9200	142,092
26 October 2022	340,000	2.0500	1.9000	671,194
27 October 2022	181,000	2.0700	1.8800	359,376
28 October 2022	214,000	2.0200	1.9300	431,381
31 October 2022	63,000	2.0500	1.9300	128,917
1 November 2022	30,000	2.0100	2.0100	60,300
2 November 2022	13,000	2.0400	2.0000	26,220
3 November 2022	302,000	1.9800	1.9400	597,688
4 November 2022	65,000	1.8800	1.8500	120,400
7 November 2022	74,000	1.8700	1.7000	131,061
8 November 2022	114,000	1.7100	1.4400	175,868
9 November 2022	66,000	1.4700	0.8400	77,332
Total	<u>4,905,000</u>			<u>14,744,505</u>

The Board considers that the share repurchases were in the best interests of the Company and its shareholders and would lead to an enhancement of the net assets value per share and/or earnings per share of the Company. All the abovementioned repurchased shares were cancelled during the year.

On 10 November 2022, the Company redeemed the outstanding US\$13,000,000 13.5% 2022 Senior Notes at maturity, in full at their principal amount together with interest accrued to maturity date and such senior notes were cancelled and delisted from the SGX.

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

DIVIDEND

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

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2023 AGM

The annual general meeting of the Company (the “**2023 AGM**”) is scheduled to be held on Thursday, 8 June 2023. The register of members of the Company will be closed from Monday, 5 June 2023 to Thursday, 8 June 2023, both days inclusive, during which period no share transfer will be effected, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the 2023 AGM. In order to be eligible to attend and vote at the 2023 AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Friday, 2 June 2023.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles, or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the Board, as at the date of this announcement, the Company has maintained the public float as required under the Listing Rules.

CORPORATE GOVERNANCE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders as a whole. The Company has adopted the code provisions set out in the Corporate Governance Code of the Appendix 14 of the Listing Rules (the “**CG Code**”), as its own code to govern its corporate governance practices. Save for the deviation in relation to the chairman of the Board and chief executive officer being the same individual, the Board considers that, the Company has complied, to the extent applicable and permissible, the CG Code during the year ended 31 December 2022.

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Lui Ming is currently the Chairman of the Board and the chief executive officer of the Group, responsible for strategic planning and managing of the Group’s overall business and operations. Mr. Lui Ming has been responsible for the overall management of the Group since the establishment of the Group. The Board believes that the current structure enables the Group to make and implement business decision swiftly and effectively which promotes the Group’s development in line with other strategies and business direction. The Board considers that the balance of power and authority, accountability and independent decision making under the present arrangement will not be impaired because of the diverse background and experience of the non-executive Directors and independent non-executive Directors. Further, the audit committee of the Company, which consists of a majority of independent non-executive Directors, has free and direct access to the Company’s external auditors and independent professional advisers when it considers necessary. Therefore, the Directors consider that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining a high standard of corporate governance.

MODEL CODE FOR SECURITIES TRANSACTIONS

During the year ended 31 December 2022, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Group’s senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities. The Directors and the Group’s senior management have complied with the Model Code during the year ended 31 December 2022.

EVENT AFTER THE YEAR END DATE

On 12 January 2023, Jiangsu Zhengchang Zhongrunfu Investment Development Co., Ltd. (the “**JV Partner**”), Anhui Gangfan Real Estate Co., Ltd. (an indirect and wholly-owned subsidiary of the Company), Anhui Ganglong Real Estate Co., Ltd. (an indirect and wholly owned subsidiary of the Company), Huangshan Ganglong Real Estate Co., Ltd. and Guangde Gangxing Real Estate Co., Ltd. entered into an equity interests swap agreement (“**Equity Interests Swap**”), pursuant to which JV Partner agrees to transfer its 30% equity interests in Huangshan Ganglong Real Estate Co., Ltd. (“**Huangshan Project Co**”) to Anhui Ganglong Real Estate Co., Ltd.; and Anhui Gangfan Real Estate Co., Ltd. agrees to transfer the 100% equity interests in Guangde Gangxing Real Estate Co., Ltd. (“**Guangde Project Co**”) it held, to the JV Partner. The Group is in the process of performing a valuation on the fair value of assets and liabilities of Huangshan Project Co and Anhui Gangfan Real Estate Co., Ltd.

Huangshan Project Co holds the entire interests in a property under development, located at North Side of Beihai Road, Tunguang Town, Tunxi District, Huangshan City, Anhui Province.

Guangde Project Co holds the entire interests in a property development project, located at Yaoshang Plot, Taiji Avenue, Guangde City, Xuancheng City, Anhui Province.

Following the completion of the Equity Interests Swap, (i) the Company will no longer hold any equity interests in Guangde Project Co, which will cease to be a subsidiary of the Company and the Guangde Project Co will no longer be consolidated into the financial statements of the Group; and (ii) the Huangshan Project Co will become a wholly-owned subsidiary of the Group.

REVIEW OF FINANCIAL STATEMENTS

Audit Committee

The audit committee of the Company, comprising Mr. Chan Pak Hung, Mr. Lui Wing Nam, Mr. Guo Shaomu and Ms. Tang Lo Nar, has discussed with the management and the Board and reviewed this announcement of annual results of the Group for the year ended 31 December 2022.

Scope of work of PricewaterhouseCoopers

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers ("PwC"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement and consequently, no opinion or assurance conclusion has been expressed by PwC on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.glchina.group). The annual report of the Company for the year ended 31 December 2022 will be despatched to the Shareholders and published on the aforesaid websites in due course.

By Order of the Board
Ganglong China Property Group Limited
Lui Ming
Chairman and executive director

Hong Kong, 31 March 2023

As of the date of this announcement, the executive directors of the Company are Mr. Lui Ming (Chairman), Mr. Lui Jin Ling, and Mr. Lui Chi Chung Jimmy. The non-executive directors of the Company are Mr. Lui Wing Mau and Mr. Lui Wing Nam. The independent non-executive directors of the Company are Mr. Chan Pak Hung, Mr. Guo Shaomu, and Ms. Tang Lo Nar.