SHANGHAI ZENDAI PROPERTY LIMITED

上海証大房地產有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 755)

ANNOUNCEMENT ON ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

Reference is made to the announcements of Shanghai Zendai Property Limited (the "**Company**") dated 31 March 2021 (the "**Unaudited Annual Results Announcement**"), in relation to, among others, the unaudited annual results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020. Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Unaudited Annual Results Announcement.

The board of directors of the Company (the "**Board**") would like to announce that the Company's auditor, PricewaterhouseCoopers, has completed the audit of the consolidated financial statements of the Group for the year ended 31 December 2020 in accordance with Hong Kong Standards on Auditing (the **"HKAS**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

The Board of the Company is pleased to announce the consolidated results of the Group for the year ended 31 December 2020 (the "**2020 Annual Results**").

CONSOLIDATED INCOME STATEMENT

		Year ended 31 December	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
Revenue	*4, 5*	**4,598,703**	1,348,592
Cost of sales	*8*	**(4,051,920)**	(1,030,595)
Gross profit		**546,783**	317,997
Other income and gains-net	*6*	**10,021**	18,213
Net impairment losses on financial assets		**(185,195)**	(102,669)
Selling and marketing expenses	*7*	**(92,427)**	(137,763)
Administrative expenses	*7*	**(245,885)**	(375,339)
Change in fair value of investment properties		**(42,954)**	(12,560)
Share of results of an associate		**–**	(18,916)
Finance costs – net	*8*	**(799,904)**	(771,034)
Loss before income tax		**(809,561)**	(1,082,071)
Income tax (expense)/credit	*9*	**(346,945)**	20,673
Loss for the year		**(1,156,506)**	(1,061,398)
Loss for the year attributable to:			
– Owners of the Company		**(1,150,773)**	(1,058,026)
– Non-controlling interests		**(5,733)**	(3,372)
		(1,156,506)	(1,061,398)
Loss per share			
– Basic	*11*	**HK$(7.73) cents**	HK$ (7.11) cents
– Diluted	*11*	**HK$(7.73) cents**	HK$ (7.11) cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Loss for the year	**(1,156,506)**	(1,061,398)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**46,587**	(56,289)
Items that will not be reclassified to profit or loss:		
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	**(18,207)**	–
Other comprehensive income/(loss) for the year, net of tax	**28,380**	(56,289)
Total comprehensive loss for the year	**(1,128,126)**	(1,117,687)
Total comprehensive loss attributable to:		
– Owners of the Company	**(1,131,595)**	(1,104,444)
– Non-controlling interests	**3,469**	(13,243)
Total comprehensive loss for the year	**(1,128,126)**	(1,117,687)

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,044,046**	1,004,676
Investment properties		**5,493,108**	3,250,502
Financial assets at fair value through other comprehensive income		**20,388**	37,304
Amounts due from an associate		**108,295**	244,797
Properties under development		**795,016**	–
Deferred income tax assets		**18,079**	3,302
Pledged bank deposits	*13*	**248,624**	549,957
Total non-current assets		**7,727,556**	5,090,538
Current assets			
Properties under development and completed properties held-for-sale		**5,896,666**	10,982,091
Inventories		**2,309**	2,749
Contract assets		**7,356**	18,242
Trade and other receivables and prepayments	*12*	**332,157**	344,136
Deposits for properties under development		**5,190**	1,836
Amounts due from an associate		**–**	10,386
Financial assets at fair value through profit or loss		**23,613**	24,049
Tax prepayments		**257,494**	274,003
Pledged bank deposits	*13*	**228,700**	895,094
Cash and cash equivalents		**230,800**	510,151
Total current assets		**6,984,285**	13,062,737
Total assets		**14,711,841**	18,153,275

CONSOLIDATED BALANCE SHEET (CONTINUED)

		As at 31 December	
		2020	2019
	Notes	***HK$'000***	*HK$'000*
EQUITY			
Equity attributable to owners of the Company			
Share capital		**297,587**	297,587
Reserves		**2,335,341**	2,722,719
Accumulated losses		**(2,561,666)**	(1,410,893)
		71,262	1,609,413
Non-controlling interests		**233,525**	61,143
Total equity		**304,787**	1,670,556
LIABILITIES			
Non-current liabilities			
Borrowings		**2,746,429**	3,005,212
Lease liabilities		**76,054**	76,244
Deferred income tax liabilities		**664,509**	708,867
Other payables	*14*	**604,716**	5,855
Total non-current liabilities		**4,091,708**	3,796,178
Current liabilities			
Trade and other payables	*14*	**3,096,741**	2,670,050
Contract liabilities		**2,041,191**	4,665,769
Amounts due to minority owners of subsidiaries		**120,417**	112,857
Borrowings		**4,289,486**	4,909,250
Lease liabilities		**31,774**	36,066
Tax payables		**735,737**	292,549
Total current liabilities		**10,315,346**	12,686,541
Total liabilities		**14,407,054**	16,482,719
Total equity and liabilities		**14,711,841**	18,153,275

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Shanghai Zendai Property Limited (the "**Company**") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"). Its registered office is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and its principal place of business is at Unit 6508, 65/F, Central Plaza,18 Harbour Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in property development, property investment and provision of property management and hotel operation. The Company and all its subsidiaries are referred as the Group. The Group has operations mainly in the People's Republic of China (the "**PRC**").

Following the outbreak of the Coronavirus Disease 2019 (the "**COVID-19**") in early 2020, a series of precautionary and control measures have been and continued to be implemented across China. For the year ended 31 December 2020, the COVID-19 outbreak has a temporary unfavorable impact on the progress of the Group's property construction activities and the sales of its properties. In addition, the occupancy rates of the Group's investment properties and hotels have also been impacted adversely and hence the income as generated from the operations of these properties has also been reduced temporarily during the COVID-19 outbreak. The Group has granted certain rental concession reliefs to tenants based on the relevant PRC local regulations, and these concession reliefs have been accounted for as lease modifications.

The consolidated financial statements are presented in HK dollars ("**HK$**"), unless otherwise stated, and have been approved for issue by the board of directors of the Company (the "**Board**") on 30 April 2021.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and certain financial assets at fair value through other comprehensive income/profit or loss, which are carried at fair value.

2.1 Going concern basis

The Group reported a net loss of HK$1,157 million during the year ended 31 December 2020. As at 31 December 2020, the Group's equity attributable to owners' of the Company amounted to HK$71 million and its current liabilities exceeded its current assets by HK$3,331 million. At the same date, the Group's total borrowings amounted to HK$7,036 million (including the current portion of HK$4,289 million). Except for the borrowings from a shareholder of the Company and other companies with which the shareholder is associated (the "**Shareholder and Associated Parties**") of HK$3,073 million which are unsecured, the Group's remaining borrowings were collaterised by the Group's properties under development and completed properties held-for-sale, hotel properties and investment properties recorded at a total carrying amount of HK$8,113 million together with fixed deposits amounting to HK$474 million. As at 31 December 2020, the Group had total unrestricted cash and cash equivalents of HK$231 million.

From August 2020 to 31 December 2020, the Group was unable to repay borrowings from a financial institution (the "**Lender of Defaulted Borrowings**") with principal amounts totalling RMB535 million (equivalent to approximately HK$636 million) (the "**Defaulted Borrowings**") and related interest of RMB62 million (equivalent to approximately HK$74 million) (such non-repayments are referred to as the "**Default Events**"). As a result, the entire outstanding principal and interest amounts of these borrowings of RMB906 million (equivalent to approximately HK$1,077 million), would be immediately repayable if requested by the financial institution. These borrowings, all with original contractual repayment dates before 31 December 2021, were classified as current liabilities as at 31 December 2020.

2. BASIS OF PREPARATION (CONTINUED)

2.1 Going concern basis (Continued)

The Default Events triggered cross-defaults of other borrowings of the Group (the "**Cross-Defaulted Borrowings**") with aggregated principal amounts of RMB1,573 million (equivalent to approximately HK$1,869 million) and related interest of RMB3.5 million (equivalent to approximately HK$4.2 million) as at 31 December 2020. These amounts, including borrowings of RMB1,200 million (equivalent to approximately HK$1,426 million) with original contractual repayment dates beyond 31 December 2021, were classified under current liabilities as at 31 December 2020 as they are due upon demand if requested by the respective lenders.

A subsidiary of the Company provided an additional financial guarantee to the Lender of Defaulted Borrowings in January 2021. The provision of this additional financial guarantee has resulted in a breach of certain terms and conditions as well as triggered cross-defaults of all the existing borrowings of RMB206 million (equivalent to approximately HK$245 million) (the "**Subsequently Defaulted Borrowings**") of this subsidiary, of which RMB118 million (equivalent to approximately HK$140 million) had original contractual maturity dates beyond 31 December 2021.

In January 2021, the Group drew down an additional short term borrowing of RMB46 million (equivalent to approximately HK$55 million) due on 31 March 2021 from the Lender of Defaulted Borrowings under the terms of the original loan agreement which the Group did not repay when due.

The Group subsequently repaid a portion of the principal and interest of the Defaulted Borrowings amounted to RMB97 million (equivalent to approximately HK$115 million) and RMB42 million (equivalent to approximately HK$50 million), respectively, following negotiations with the Lender of Defaulted Borrowings. In addition, the Group repaid principal amounts and interest totalling RMB46 million (equivalent to approximately HK$55 million) and RMB42 million (equivalent to approximately HK$50 million), respectively in accordance with the repayment schedules of other borrowings of the Group between 1 January 2021 and the approval date of these consolidated financial statements. The Group also successfully extended a Cross-Defaulted Borrowing with principal amount of RMB71 million (equivalent to approximately HK$84 million) with original maturity date on 26 April 2021 under the same terms of the original agreement despite its continuing default status.

As at the approval date of these consolidated financial statements, the Group's defaulted and cross-defaulted borrowings and related interest totalled RMB2,678 million (equivalent to approximately HK$3,182 million). Taking into account the high interest and refinancing costs expected to be incurred, management expects that the Group's operating results for the year ending 31 December 2021 will not be promising which might turn the Group into a negative equity attributable to owners' of the Company during this period.

The above conditions indicate the existence of material uncertainties which cast significant doubt regarding the Group's ability to continue as a going concern. In view of such circumstances, management of the Company has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been or will be taken by management to mitigate the Group's liquidity pressure and to improve its cashflows which include, but are not limited to, the following:

i. the Group will continue its ongoing efforts to convince the lenders of the Defaulted Borrowings, the Cross-Defaulted Borrowings and the Subsequently Defaulted Borrowings not to take any actions against the Group for immediate payment of the principals and interest of these borrowings. Based on latest communications with these lenders, there is no indication that these parties have any current intention to take action against the Group to demand immediate payment;

ii. the Group has been actively negotiating with certain financial institutions and identifying various options for restructuring the Group's existing borrowings (including the repayment of the Defaulted Borrowings), and financing the continuing construction of properties;

2. BASIS OF PREPARATION (CONTINUED)

2.1 Going concern basis (Continued)

iii. the Group will seek to accelerate the construction as well as pre-sale and sale of its properties under development. In particular, in the second half of 2021, the Group plans to launch the pre-sale of properties in two development projects with a recorded carrying amount totalling RMB1,749 million (equivalent to approximately HK$2,078 million) as at 31 December 2020; and

iv. the Group will also continue to take active measures to control administrative costs and contain capital expenditures; and to seek other alternative financing to fund the settlement of its existing financial obligations and future operating expenditure.

The Directors of the Company (the "**Directors**") have reviewed the Group's cash flow projections prepared by management (the "**Cash Flow Projections**"), which cover a period of not less than twelve months from 31 December 2020. The Directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2020. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether management will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

a. successful negotiations with the lenders of the Defaulted Borrowings, Cross-Defaulted Borrowings and Subsequently Defaulted Borrowings, despite the anticipated operating results for 2021 and the possible negative equity attributable to owners' of the Company as mentioned above, such that they will not take any actions against the Group to exercise their rights to demand immediate payment of the principals and interests of these borrowings before the Group is able to secure additional new sources of funding and restructure its existing borrowings, including repaying the Defaulted Borrowings;

b. successfully and timely securing new financing from the financial institutions with which the Group is actively negotiating to fund the aforesaid restructuring of its existing borrowings as well as the continued financing of the construction of properties. Securing new financing depends on (1) the current regulatory environment, and whether increased regulation such as the "Three Red Lines" financial supervisory rules for real estate companies, or other restrictions are applicable to the Group and/or these financial institutions; (2) whether the lenders of existing borrowings are agreeable to the terms and conditions of the financing and refinancing agreements; and (3) the Group's ability to continuously comply with these terms and conditions;

c. successfully accelerating the construction as well as pre-sale and sale of its properties under development, particularly those two development projects that the Group plans to launch a pre-sale in the second half of 2021 and timely collection of the relevant sales proceeds; including meeting all of the necessary conditions to launch the pre-sale, and to make these pre-sales at the expected sale prices and in accordance with the timelines projected by management in the Cash Flow Projections; and

d. the Group's ability to generate operating cash flows and obtain additional sources of financing other than those mentioned above, to meet the Group's ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) Amended standards and revised conceptional framework adopted by the Group

The Group has applied the following amended standards and revised conceptional framework (what are relevant to the Group) for the first time for their annual reporting period commencing 1 January 2020:

- Definition of Material – amendments to HKAS 1 and HKAS 8
- Definition of a Business – amendments to HKFRS 3
- Interest Rate Benchmark Reform – amendments to HKFRS 9, HKAS 39 and HKFRS 7
- Revised Conceptual Framework for Financial Reporting

The amended standards and revised conceptional framework listed above did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments, and are not expected to significantly affect the current or future periods.

(b) New and amended standards and revised conceptual framework not yet adopted

Certain new and amended standards, interpretations and annual improvements have been published that are not mandatory for 31 December 2020 reporting period and have not been early adopted by the Group. These standards, interpretations and annual improvements are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4. SEGMENT REPORTING

Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Board considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently mainly organised into three operating segments which comprise (i) sales of properties; (ii) hotel operations; and (iii) properties rental, management and agency services.

The Board assesses the performance of the operating segments based on a measure of adjusted profit or loss before income tax. Certain income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the Board for assessment of segment performance.

Total segment assets mainly exclude pledged bank deposits and head office and corporate assets, all of which are managed on a centralised basis.

Total segment liabilities mainly exclude unallocated borrowings and unallocated head office and corporate liabilities, all of which are managed on a centralised basis.

Transactions between segments are carried out at arm's length. The revenue from external parties reported to the Board is measured in a manner consistent with that in the consolidated income statement.

4. SEGMENT REPORTING (CONTINUED)

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss before income tax and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment revenue	**4,207,815**	846,060	**72,148**	133,982	**347,318**	401,420	**4,627,281**	1,381,462
Reportable segment revenue from internal sales	**–**	–	**–**	–	**(28,578)**	(32,870)	**(28,578)**	(32,870)
Reportable segment revenue from external sales *(i)*	**4,207,815**	846,060	**72,148**	133,982	**318,740**	368,550	**4,598,703**	1,348,592
Reportable segment (loss)/profit before income tax	**(32,698)**	(340,285)	**(30,796)**	(15,136)	**88,816**	97,397	**25,322**	(258,024)
Other information (items included in determining the reportable segment (loss)/profit:								
Bank interest income	**1,484**	3,454	**91**	29	**405**	1,380	**1,980**	4,863
Depreciation of property, plant and equipment	**10,239**	9,648	**47,853**	44,196	**845**	989	**58,937**	54,833
Change in fair value of investment properties	**–**	–	**–**	–	**(42,954)**	(12,560)	**(42,954)**	(12,560)
Share of results of an associate	**–**	–	**–**	(18,916)	**–**	–	**–**	(18,916)
Loss on sale of property, plant and equipment	**(15)**	(3)	**(24)**	(185)	**–**	–	**(39)**	(188)
Reportable segment assets	**7,248,959**	11,964,388	**1,025,332**	986,956	**5,942,924**	3,726,213	**14,217,215**	16,677,557
Amounts included in the measure of segment assets:								
Additions to non-current assets *(ii)*	**2,009**	6,808	**37,063**	455	**21,428**	25,130	**60,500**	32,393
Reportable segment liabilities	**10,238,449**	13,221,327	**149,778**	64,454	**954,286**	773,197	**11,342,513**	14,058,978

(i) *For the year ended 31 December 2020, revenue from sales of properties of HK$3,802,549,000 (2019: HK$648,328,000) was recognised at a point in time and the remaining of HK$405,266,000 (2019: HK$197,732,000) was recognised over time. The revenue from hotel operations, management and agency services of HK$237,901,000 (2019: HK$329,661,000) were recognised over time. Rental income of HK$152,987,000 (2019: HK$172,871,000) was recognised on a straight-line basis over the term of respective leases.*

(ii) *Amounts comprise additions to investment properties and property, plant and equipment.*

4. SEGMENT REPORTING (CONTINUED)

(b) Reconciliation of reportable segment profit/(loss) before income tax, assets and liabilities

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Reportable segment profit/(loss) before income tax	**25,322**	(258,024)
Unallocated bank interest income	**28**	75
Finance costs	**(799,904)**	(771,034)
Unallocated head office and corporate expenses	**(35,007)**	(53,088)
Loss before income tax	**(809,561)**	(1,082,071)

	As at 31 December	
Assets	**2020**	2019
	HK$'000	*HK$'000*
Reportable segment assets	**14,217,215**	16,677,557
Pledged bank deposits	**477,324**	1,445,051
Head office and corporate assets	**17,302**	30,667
Total assets	**14,711,841**	18,153,275

	As at 31 December	
Liabilities	**2020**	2019
	HK$'000	*HK$'000*
Reportable segment liabilities	**11,342,513**	14,058,978
Unallocated borrowings	**2,490,622**	2,110,019
Unallocated head office and corporate liabilities	**573,919**	313,722
Total liabilities	**14,407,054**	16,482,719

4. SEGMENT REPORTING (CONTINUED)

(c) Geographical information

The Group's revenue are all derived from operations conducted in the PRC and the majority of the Group's non-current assets (other than financial instruments and deferred income tax assets) are also located in the PRC.

The Group has a large number of customers, and there is no significant revenue derived from specific external customers for the years ended 31 December 2020 and 2019.

(d) Contract liabilities

	As at 31 December	
	2020	2019
	HK$'000	*HK$'000*
Receipts in advance from purchasers of properties under development and completed properties	**2,041,191**	4,665,769

Out of the contract liabilities as at 31 December 2019, amounts of HK$3,371,728,000 (2019: HK$223,828,000) have been recognised as revenue of the Group during the year ended 31 December 2020.

5. REVENUE

Revenue representing the aggregate of proceeds from sales of properties and amounts received and receivable from the hotel operations, properties rental, management and agency income is summarised as follows:

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Sales of properties	**4,207,815**	846,060
Hotel operations	**72,148**	133,982
Properties rental, management and agency income	**318,740**	368,550
	4,598,703	1,348,592

6. OTHER INCOME AND GAINS – NET

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Bank interest income	**2,008**	4,938
Gains on early termination of lease agreement	**1,094**	3,349
Rental income	**3,093**	2,847
Government grants	**2,677**	1,920
Losses on disposal of property, plant and equipment	**(39)**	(188)
Others	**1,188**	5,347
Total	**10,021**	18,213

7. EXPENSES BY NATURE

Expenses by nature comprise cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Cost of properties sold	**3,804,008**	803,286
Cost of rendering property management service and others	**156,990**	182,691
Tax and levies	**53,726**	44,618
Impairment of properties under development and completed properties held-for-sale	**37,196**	–
Employee benefit expense	**175,469**	237,223
Auditors' remuneration:		
– Audit services	**2,680**	2,880
– Non-audit services	**1,300**	300
Consulting and service expenses	**16,442**	53,272
Depreciation charge	**58,937**	54,833
Advertising costs	**31,504**	63,973
Short-term leasing expenses	**1,709**	4,896
Maintenance and consumption expenses for hotel operations	**16,510**	55,527
Other expenses	**33,761**	40,198
Total	**4,390,232**	1,543,697

8. FINANCE COSTS

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Interest expenses:		
– Bank borrowings	**133,416**	243,362
– Other borrowings	**753,182**	643,802
Interest and finance charges paid/payable for lease liabilities	**8,493**	11,603
	895,091	898,767
Less: amounts capitalised in properties under development at a capitalisation rate of 7.6% (2019: 8.0%) per annum	**(95,187)**	(127,733)
Finance costs – net	**799,904**	771,034

9. INCOME TAX EXPENSE/(CREDIT)

The amount of income tax in the consolidated income statement represents:

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Current income tax:		
– PRC enterprise income tax	**172,135**	8,399
– PRC land appreciation tax ("**LAT**")	**273,406**	(7,368)
Deferred income tax credit	**(98,596)**	(21,704)
Income tax expense/(credit)	**346,945**	(20,673)

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2020 and 2019.

PRC Enterprise Income Tax

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2019: 25%) during the year ended 31 December 2020.

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures, with an exemption provided for property sales of ordinary residential properties (普通標準住房) if their appreciation values do not exceed 20% of the sum of total deductible items. Certain property development projects are subjected to LAT which is calculated based on deemed levying rates of their revenue under the approved taxation method if the specific circumstances as approved by the local tax authority are met and the companies have been de-registered or the approval has exceeded three years whichever is earlier.

10. DIVIDENDS

No dividend was proposed for the years ended 31 December 2020 and 2019.

11. LOSS PER SHARE

Basic loss per share

The calculations of the basic loss per share attributable to owners of the Company are as below:

	Year ended 31 December	
	2020	2019
	HK$'000	*HK$'000*
Loss		
Loss attributable to owners of the Company	**(1,150,773)**	(1,058,026)
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	**14,879,352**	14,879,352
	HK$ cents	*HK$ cents*
Basic loss per share	**(7.73)**	(7.11)

Diluted loss per share

Since there was no dilutive ordinary shares during the years ended 31 December 2020 and 2019, diluted loss per share is equal to basic loss per share.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**64,807**	47,453
Less: provision for loss allowance	**(1,421)**	(851)
Trade receivables – net *(a)*	**63,386**	46,602
Other receivables	**298,638**	310,255
Deposits	**18,732**	17,274
	317,370	327,529
Less: provision for loss allowance *(b)*	**(169,595)**	(131,354)
Other receivables – net	**147,775**	196,175
Prepayments for turnover tax	**120,996**	101,359
	332,157	344,136

As at 31 December 2020 and 2019, the majority of the Group's trade and other receivables and prepayments are dominated in RMB.

As at 31 December 2020, the carrying amounts of trade and other receivables and prepayments approximated their fair values.

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis.

12. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

(a) The aging analysis of trade receivables based on the date of services provided at the end of reporting period is as follows:

	As at 31 December	
	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**57,034**	41,210
More than 3 months but less than 12 months	**1,888**	782
More than 12 months	**4,464**	4,610
	63,386	46,602

Movements on the provision for loss allowance on trade receivables are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**(851)**	(424)
Provision for the year	**(570)**	(428)
Exchange differences	**–**	1
At 31 December	**(1,421)**	(851)

(b) Movements on the provision for loss allowance on other receivables are as follows:

	2020	2019
	HK$'000	*HK$'000*
At 1 January	**(131,354)**	(50,881)
Provision for the year	**(30,580)**	(84,862)
Exchange differences	**(7,661)**	4,389
At 31 December	**(169,595)**	(131,354)

13. PLEDGED BANK DEPOSITS

	As at 31 December	
	2020	2019
	HK$'000	*HK$'000*
Current portion	**228,700**	895,094
Non-current portion	**248,624**	549,957
	477,324	1,445,051

Certain pledged bank deposits amounting to HK$474,189,000 represent deposits pledged to banks to secure certain borrowings granted to the Group. The pledged bank deposits carry interest ranging from 0.30% to 2.28% (2019: 0.30% to 2.00%) per annum.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	HK$'000	*HK$'000*
Trade payables	**2,096,234**	1,672,034
Other payables and accruals	**1,605,223**	1,003,871
	3,701,457	2,675,905
Less: non-current portions	**(604,716)**	(5,855)
	3,096,741	2,670,050

The aging analysis of trade payables based on date of when the construction costs payable have been verified with the contractors is as follows:

	As at 31 December	
	2020	2019
	HK$'000	*HK$'000*
Within 3 months	**1,818,038**	1,426,855
More than 3 months but less than 12 months	**15,721**	11,299
More than 12 months	**98,998**	150,278
	1,932,757	1,588,432
Retention money	**163,477**	83,602
	2,096,234	1,672,034

The trade payables mainly represent accrued construction costs payable to contractors, which have not been verified with contractors and have been included within 3 months in the above aging analysis. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

CHAIRMAN'S STATEMENT

Financial Results

The board of directors (the "**Directors**") of Shanghai Zendai Property Limited (the "**Company**" or "**Shanghai Zendai**") hereby announces the annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2020 (the "**year**" or "**year under review**").

During the year under review, the Group recorded a turnover of approximately HK$4,598,703,000, representing a significant increase of HK$3,250,111,000 as compared with approximately HK$1,348,592,000 for 2019. During the year, despite the certain impact of the outbreak of new coronavirus disease on the overall business, however, as the key projects of the Group, being the third phase office building of the "Nanjing Himalayas Center" project and the second phase project Riverside Mansion（濱江閱公館）of "Riverside Thumb Plaza" in Nanjing, began to be delivered to buyers in the second half of the year, the turnover still recorded a significant increase. The turnover of the Group for the year was mainly attributed to:

- revenue recognition of the third phase office building of the "Nanjing Himalayas Center" project
- revenue recognition of the second phase project Riverside Mansion（濱江閱公館）of "Riverside Thumb Plaza" in Nanjing
- hotel operation, rental and property management income

Loss attributable to shareholders of the Company (the "**Shareholders**") was approximately HK$1,150,773,000 as compared to the loss of approximately HK$1,058,026,000 for the year ended 31 December 2019. Basic loss per share of the Company (the "**Share**") was HK$7.73 cents (basic loss per Share for 2019: HK$7.11 cents). The Group recorded an increase in loss after taxation as compared with the same period of last year, which was primarily due to a substantial increase in income tax and land appreciation tax provided for the year in accordance with the increase in delivery of properties.

Business Review

During the year under review, with the development and operation for multiple types of properties including residential, office buildings, art hotels and complexes, Shanghai Zendai has risen as a comprehensive urban developer. Relying on its complete construction, operation and management capabilities and independent teams responsible for planning and development, investment promotion programming, operation and property management, Shanghai Zendai has developed its domestic business presence with Shanghai and Nanjing as the centre and radiating outwards into major cities nationwide.

During the year, driven by the beginning of the delivery of the third phase office building of the "Nanjing Himalayas Center" project and the second phase project Riverside Mansion（濱江閱公館）of "Riverside Thumb Plaza", the Group's turnover has increased significantly.

The Group is actively seeking to optimize the layout of projects and to improve the efficiency of operation for the assets of the Group, so as to pursue new development opportunities. Meanwhile, the Group shall focus on exploiting the development potential of core cities in the Yangtze River Delta, and continually deploying and planning for quality and industry benchmarking residential and commercial property projects. Details are set out below.

Commercial Property Projects in China

Shanghai

Shanghai Zendai Thumb Plaza

Shanghai Zendai Thumb Plaza (the "**Plaza**") is an integrated commercial complex in a prime location adjacent to Shanghai's Century Park and the Lujiazui financial district. As at 31 December 2020, the Group still owns 40,333 square metres of commercial space and 430 underground car parking spaces in the Plaza. As at 31 December 2020, more than 92% of the commercial space in the Plaza has been leased. Rental received during the year was approximately RMB57,987,000 (equivalent to approximately HK$62,608,000).

Grand Mercure Shanghai Century Park

The Group's five-star Grand Mercure Shanghai Century Park is located in the Plaza. The 18-storey hotel, which is managed under the "Grand Mercure" brand by HUAZHU Hotel Group, boasts a gross floor area of 31,530 square metres and 361 guest rooms, a four storey ancillary building and one level of basement. During the year under review, the average occupancy rate of the hotel was 49%, and total income amounted to approximately RMB33,907,000 (equivalent to approximately HK$38,128,000).

Shanghai Himalayas Center

The Group's 45%-owned Shanghai Himalayas Center is located in the heart of Pudong, Shanghai. Designed by Arata Isozaki, an internationally acclaimed architect, it is a landmark within the Pudong New District. The Shanghai Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, shopping mall and other auxiliary facilities (comprising the DaGuan Theatre and the Himalayas Art Museum). The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 162,207 square metres (including underground car-parking space of 26,287 square metres).

The Jumeirah Himalayas Hotel Shanghai, a luxury five-star hotel managed by the Jumeirah Hotel Group from Dubai, is the Jumeirah Hotel Group's first hotel in Asia Pacific. The hotel boasts a gross floor area of 60,452 square metres, providing 393 guest rooms. Enjoying a favourable location, the hotel is adjacent to the Shanghai New International Expo Center which connects with Metro Line 7 and is within walking distance to the maglev station. The average occupancy rate of the hotel during the year under review was 41%, with a total revenue of approximately RMB94,321,000 (equivalent to approximately HK$106,062,000). The high quality environment and service of the Jumeirah Himalayas Hotel Shanghai won acclaims across the industry. In recent years, the hotel was successively awarded "Best Business Hotel of 2019" by Meituan Hotel, Expedia group – Best Customer Engagement and Tripadvisor – Certificate of Excellence 2019. Shang-High Cuisine Restaurant was awarded as Ctrip Gourmet List Selected Restaurant in 2019 by Ctrip and as an one-star restaurant by Michelin Guide Shanghai. During the year under review, an average of approximately 47% of the commercial space of the shopping centre in Shanghai Himalayas Center with a leasable area of 28,499 square metres was leased, with a rental income of approximately RMB38,889,000 (equivalent to approximately HK$43,730,000).

Nanjing

Nanjing Himalayas Center

The Group is developing the G15 land parcel in a prime location around Nanjing South Train Station into Nanjing Himalayas Center with a site area of approximately 93,526 square metres and an expected total gross floor area of approximately 619,462 square metres. The project is being developed in three phases.

The first phase of the project has a gross floor area of approximately 182,658 square metres with a total saleable area of 132,380 square metres, including 20,164 square metres of service apartments, 3,437 square metres of commercial space, 70,283 square metres of office building, 13,964 square metres of car-parking space and 24,532 square metres of hotel. As at 31 December 2020, the majority of the first phase of the project had been sold. Cumulative areas of 20,164 square metres, 3,317 square metres, 68,000 square metres, 3,733 square metres and 24,532 square metres of service apartments, commercial space, office building, car-parking space and hotel had been sold respectively, generating a total contract value of RMB340,574,000 (equivalent to approximately HK$382,969,000), RMB129,031,000 (equivalent to approximately HK$145,093,000), RMB1,209,258,000 (equivalent to approximately HK$1,359,786,000), RMB27,808,000 (equivalent to approximately HK$31,270,000) and RMB364,640,000 (equivalent to approximately HK$410,030,000) respectively. During the year, a total amount of RMB18,794,000 (equivalent to approximately HK$21,133,000) was recognised as turnover.

The second phase of the project covers a gross floor area of approximately 208,488 square metres, with a total saleable area of 144,846 square metres, including 52,677 square metres of service apartments, 16,648 square metres of commercial space, 50,199 square metres of office building and 25,323 square metres of underground car-parking space. During the year under review, total contracted areas of underground car-parking space amounting to 1,004 square metres were sold, generating a total contract value of RMB8,394,000 (equivalent to approximately HK$9,439,000). During the year, the delivered areas of service apartments, commercial space and car-parking space were 161 square metres, 173 square metres and 3,656 square metres respectively, with a total contract value of RMB2,926,000 (equivalent to approximately HK$3,290,000), RMB43,001,000 (equivalent to approximately HK$48,354,000) and RMB31,597,000 (equivalent to approximately HK$35,530,000) respectively. During the year, a total amount of RMB53,744,000 (equivalent to approximately HK$60,434,000) was recognised as turnover. As at 31 December 2020, the majority of the second phase of the project had been sold. The cumulative areas of 52,583 square metres, 16,557 square metres, 50,199 square metres and 3,656 square metres of service apartments, commercial space, office building and underground car parking space had been sold respectively, generating a total contract value of RMB1,004,258,000 (equivalent to approximately HK$1,129,268,000), RMB615,754,000 (equivalent to approximately HK$692,403,000), RMB885,366,000 (equivalent to approximately HK$995,576,000) and RMB31,597,000 (equivalent to approximately HK$35,530,000) respectively.

The third phase of the project, covering a gross floor area of approximately 228,316 square metres, is intended to be developed into service apartments, a commercial complex and office buildings, including 15,843 square metres of service apartments, 82,886 square metres of commercial space, 57,962 square metres of office building and 71,625 square metres of underground car-parking space. The third phase of the project commenced pre-sale in the first half of 2018, with a total saleable area of 69,441 square metres, including 14,922 square metres of service apartments and 54,519 square metres of office building. During the year under review, total contracted areas of office building of 15,974 square metres were sold, generating a total contract value of RMB294,032,000 (equivalent to approximately HK$330,633,000). During the year, the delivered areas of office building and apartments was 38,958 square metres and 12,839 square metres respectively, with a contract value of RMB853,793,000 (equivalent to approximately HK$960,073,000) and RMB343,143,000 (equivalent to approximately HK$385,857,000). During the year, a total amount of RMB1,020,923,000 (equivalent to approximately HK$1,148,007,000) was recognised as turnover. As at 31 December 2020, the cumulative areas of 14,081 square metres and 51,707 square metres of service apartments and office building had been sold respectively, generating a total contract value of RMB347,101,000 (equivalent to approximately HK$390,308,000) and RMB982,061,000 (equivalent to approximately HK$1,104,308,000) respectively.

The First Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns a parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province, with a site area of approximately 13,220 square metres. The land has a total saleable area of 85,487 square metres, comprising 77,374 square metres of apartments, 3,786 square metres of commercial space and 4,327 square metres of underground car-parking space. As at 31 December 2020, the majority of the project had been sold, cumulative areas of 77,374 square metres, 3,507 square metres and 3,231 square metres of apartments, commercial space and underground car-parking space had been sold respectively, generating a total contract value of RMB1,926,989,000 (equivalent to approximately HK$2,166,860,000), RMB144,893,000 (equivalent to approximately HK$162,929,000) and RMB51,046,000 (equivalent to approximately HK$57,400,000) respectively. During the year, a total amount of RMB12,624,000 (equivalent to approximately HK14,195,000) was recognised as turnover.

The Second Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province, with a site area of approximately 26,318 square metres. The land has a total saleable areas of 166,395 square metres, including 132,969 square metres of apartments, 6,745 square metres of commercial space, 20,597 square metres of office building and 6,084 square metres of underground car-parking space. During the year under review, the total contracted areas of apartments, commercial space, office building and underground car-parking space of 80 square metres, 1,916 square metres, 1,949 square metres and 965 square metres were sold respectively, generating a total contract value of RMB1,280,000 (equivalent to approximately HK$1,440,000), RMB39,237,000 (equivalent to approximately HK$44,121,000), RMB31,505,000 (equivalent to approximately HK$35,427,000) and RMB18,560,000 (equivalent to approximately HK$20,870,000). As at 31 December 2020, cumulative areas of 132,969 square metres, 5,792 square metres, 20,136 square metres and 4,691 square metres of apartments, commercial space, office building and underground car-parking space had been sold respectively, generating a total contract value of RMB4,211,186,000 (equivalent to approximately HK$4,735,394,000), RMB254,343,000 (equivalent to approximately HK$286,004,000), RMB373,941,000 (equivalent to approximately HK$420,489,000) and RMB84,854,000 (equivalent to approximately HK$95,417,000) respectively. During the year, the delivered areas of apartments, commercial space, office building and underground car-parking space were 37,396 square metres, 1,494 square metres, 16,276 square metres and 2,361 square metres, with a total contract value of RMB2,229,355,000 (equivalent to approximately HK$2,506,865,000), RMB90,298,000 (equivalent to approximately HK$101,538,000), RMB346,020,000 (equivalent to approximately HK$389,093,000) and RMB50,136,000 (equivalent to approximately HK$56,377,000) respectively. During the year, a total amount of RMB2,496,649,000 (equivalent to approximately HK$2,807,432,000) was recognised as turnover.

The Third Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the east of Jiangbian Road and the north of Jianning Road, Gulou District, Nanjing, Jiangsu Province with a site area of approximately 15,566 square metres. The land with a gross floor area of approximately 126,995 square metres is planned to be developed into an integrated complex comprising office building, commercial space and apartments, including 77,390 square metres of office building, 6,419 square metres of commercial space and 43,186 square metres of apartments. Construction of the project commenced in June 2018 and the pre-sale started in October 2019. During the year under review, the total contracted areas of apartments and commercial space of 8,508 square metres and 552 square metres were sold respectively, generating a total contract value of RMB312,822,000 (equivalent to approximately HK$351,762,000) and RMB27,035,000 (equivalent to approximately HK$30,400,000) respectively. As at 31 December 2020, cumulative areas of 42,973 square metres and 522 square metres of apartments and commercial space had been sold respectively, generating a total contract value of RMB1,606,676,000 (equivalent to approximately HK$1,806,675,000) and RMB27,035,000 (equivalent to approximately HK$30,400,000) respectively. The project is expected to commence delivery in the first quarter of 2022.

The Fourth Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Zhongshan Bei Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 15,234 square metres is planned to be developed into office building and commercial space with a gross floor area of approximately 102,549 square metres, including 79,455 square metres of office building and 23,094 square metres of commercial space. Construction of the project commenced in January 2019 and the pre-sale is expected to commence in the fourth quarter of 2021.

Other Cities

Qingdao Zendai Thumb Plaza

Qingdao Zendai Thumb Plaza is located in the central area of business district on Haier Road in Qingdao City, Shandong Province, the PRC. The project has a site area of approximately 38,092 square metres and a total gross floor area of approximately 213,059 square metres. It includes retail shops (68,129 square metres), a hotel (29,593 square metres), service apartments (70,066 square metres) and car-parking space (45,271 square metres).

As at 31 December 2020, a cumulative area of 63,203 square metres had been sold, generating a contract value of RMB926,948,000 (equivalent to approximately HK$1,042,335,000).

As at 31 December 2020, around 89% of the commercial space (with a leasable area of 46,465 square metres) was leased, with a rental income of RMB29,471,000 (equivalent to approximately HK$33,140,000) during the year.

Himalayas Qingdao Hotel, located in the Qingdao Zendai Thumb Plaza, is managed by the Group's own hotel management company under the Group's "Himalayas" brand. The average occupancy rate of the hotel during the year was 53%, with a total income of RMB28,121,000 (equivalent to approximately HK$31,622,000).

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza has a total site area of 281,912 square metres. Due to its prime location, the project has been included in the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 279,076 square metres (including car-parking space and ancillary facilities of 77,143 square metres). Construction of the project is divided into three phases.

The first phase named Phase 1 of Old Town, with a commercial area of approximately 38,737 square metres, of which 91% had been leased as at 31 December 2020, with a rental income of RMB6,310,000 (equivalent to approximately HK$7,095,000) during the year.

The second phase is an ancillary residential project with commercial space with a total gross floor area of approximately 74,528 square metres, the majority of which has been sold. As at 31 December 2020, a total cumulative contracted area of 71,585 square metres (including 41,065 square metres of multi-storey apartments, 27,909 square metres of townhouses, 2,237 square metres of detached villas and 374 square metres of commercial space) was sold, generating a total cumulative contract value of RMB848,855,000 (equivalent to approximately HK$954,520,000). During the year under review, an area of 940 squares metres (including 235 squares metres of multi-storey apartments, 451 squares metres of detached villas and 254 squares metres of detached villas) was delivered with a total contract value of RMB17,960,000 (equivalent to approximately HK$20,196,000). During the year, a total amount of RMB17,960,000 (equivalent to approximately HK$20,196,000) was recognised as turnover.

The third phase occupies a total area of approximately 147,688 square metres (with an underground area of 53,150 square metres), comprising Phase 2 of Old Town with commercial area of 60,979 square metres (including an underground area of 21,000 square metres) and Old Town, New Port, with a commercial area of approximately 14,967 square metres and a residential area of approximately 71,742 square metres (including an underground area of 32,150 square metres). The Old Town, New Port commenced construction in May 2014 and started pre-sale in September 2016, with a total saleable area of 41,000 square metres. An area of 456 square metres of commercial space were sold during the year under review, generating a total contract value of RMB8,230,000 (equivalent to approximately HK$9,254,000). As at 31 December 2020, a cumulative area of 33,563 square metres of residential properties and 7,152 square metres of commercial space were sold respectively, generating a total contract value of RMB573,807,000 (equivalent to approximately HK$645,234,000) and RMB109,546,000 (equivalent to approximately HK$123,182,000) respectively.

Yangzhou Commercial Project

The Group has an integrated project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, including 12 blocks and 243 units with a gross floor area of approximately 20,089 square metres. As at 31 December 2020, the remaining area of 15,974 square metres was used for rental purposes.

Project in Chengmai County, Hainan Province

The Group owns 60% equity interest in a parcel of land in Chengmai County, Hainan Province with a site area of 1,309,563 square metres.

Residential Projects in China

Shanghai

Zendai Xizhen Thumb Plaza

The Group owns a parcel of land with an area of approximately 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It was developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end residential properties, retail shops, resort villas and a resort hotel in two phases, with a total gross floor area of approximately 169,004 square metres.

The first phase of the project has a gross floor area of approximately 98,479 square metres, which consists of residential properties (40,945 square metres) and commercial space (57,534 square metres). On the commercial level, the Group introduced international cinemas, mid-to-high-end restaurants and supermarkets as occupants. As at 31 December 2020, the total cumulative residential and commercial areas of 23,084 square metres and 22,527 square metres had been sold respectively, generating a total contract value of RMB442,587,000 (equivalent to approximately HK$497,680,000) and RMB469,705,000 (equivalent to approximately HK$528,174,000) respectively. During the year, the delivered areas of commercial space were 105 square metres, with a total contract value of RMB3,104,000 (equivalent to approximately HK$3,491,000). During the year, a total amount of RMB3,104,000 (equivalent to approximately HK$3,491,000) was recognised as turnover.

The second phase of the project has a gross floor area of approximately 70,525 square metres, which consists of resort villas (occupying 46,155 square metres) and a resort hotel (occupying 24,370 square metres). The portion of the resort hotel was sold and delivered in 2018. Resort villas started pre-sale in November 2014 and was completed in April 2016. As at 31 December 2020, a cumulative area of resort villas of 35,100 square metres had been sold, generating a total contract value of RMB573,677,000 (equivalent to approximately HK$645,088,000). During the year, a total amount of RMB101,897,000 (equivalent to approximately HK$114,581,000) was recognised as turnover. As at 31 December 2020, all resort villas have been completed and delivered.

Other Cities

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,389,021 square metres.

The first parcel of land is to be developed in two parts.

"Dong Zhou Mansion", the first part of the first parcel, is being developed in two phases with Phase I offering 52 detached villas which were all sold out. Phase II of the "Dong Zhou Mansion" is planned to be developed into 94 detached villas with a total gross floor area of approximately 82,202 square metres. The construction of the project commenced in February 2014 but has been suspended due to changes in current market conditions.

"Multiflora Garden", the second part of the first parcel of land, is being developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer a total of 212 units with a saleable area of approximately 57,232 square metres which were all sold out. Phase III has a saleable area of approximately 91,817 square metres. As at 31 December 2020, a total cumulative area of 78,375 square metres had been sold, generating a total cumulative contract value of RMB464,499,000 (equivalent to approximately HK$522,320,000). During the year, an area of 1,245 square metres was delivered with a total contract value of RMB7,812,000 (equivalent to approximately HK$8,784,000). During the year, a total amount of RMB7,812,000 (equivalent to approximately HK$8,784,000) was recognised as turnover.

The second parcel of land is being developed into residential properties and ancillary commercial space in phases.

The Phase I, Qinghua Garden Ecological Houses, occupies a site area of approximately 42,070 square metres with a saleable area of approximately 56,169 square metres. As at 31 December 2020, a cumulative area of 51,270 square metres was sold, generating a total cumulative contract value of RMB230,452,000 (equivalent to approximately HK$259,139,000).

The Phase II, Shui Qing Mu Hua Garden, with a site area of 157,717 square metres, is being developed into small high-rise residential properties with ancillary commercial space in two phases with a saleable area of approximately 194,088 square metres. The first phase offers a saleable area of 81,360 square metres. As at 31 December 2020, a cumulative area of 79,781 square metres was sold, generating a total contract value of RMB359,498,000 (equivalent to approximately HK$404,248,000). During the year, an area of 345 square metres involving a contract value of RMB1,497,000 (equivalent to approximately HK$1,683,000) was delivered. During the year, a total amount of RMB1,497,000 (equivalent to approximately HK$1,683,000) was recognised as turnover.

The Phase III, named as Spanish Exotic Street, with a site area of 760 square metres, has been developed into a commercial plaza with a saleable area of 1,164 square metres.

The Phase IV, named as "Thumb Plaza" with a site area of 18,919 square metres, has been developed into a commercial plaza with a total gross floor area of 45,514 square metres.

In addition, the project has yet to develop residential land covering a site area of 370,664 square meters and a gross floor area of 638,460 square meters, and 7,998 square meters of educational land, 31,266 square meters of medical land, 18,067 square meters of commercial land, and 6,933 square meters of hotel land. In the future, the Group will continue to develop and build high-end improved residential products covering a full product line of high-rise, bungalows, stacked villass, townhouses and other products. Relying on various commercial, medical, education and other living facilities, the project will form a high-quality residential community in the region. Partial projects on the second parcel of land are expected to commence pre-sale in the second half of 2021.

A Parcel of Land in Yantai Development Zone

The Group and 煙台開發區宏遠物業有限公司 (Yantai Hong Yuan Property Company Limited*) entered into a cooperation agreement to develop Yantai Thumb Project located at E-9 District, Yantai Development Zone, Yantai, Shandong Province, pursuant to which Shanghai Zendai holds 70% equity interests in the Yantai Thumb Project. The project occupies an area of 26,476 square metres and is still under planning stage.

PROSPECTS AND FUTURE PLANS FOR MATERIAL INVESTMENTS

Although the real estate industry was stagnant for a period of time in 2020 due to the impact of the COVID-19 epidemic, it picked up quickly in the second quarter and got back on track with the rapid recovery of the economy. Guided by the key concept of "housing is for living, not for speculation and targeted policies for cities", the property market in China has maintained a stable and healthy development. As various areas continue to strengthen the development model of central cities and the strategy of seizing talents, the property market in the first– and second-tier core cities and city circle is steadily growing, and real estate companies also tend to increase their presence in the first– and second-tier cities.

Looking forward, the Group will adhere to the development strategy of "focusing on core cities and digging deep into five strategic areas", keep up with market trends, tap into consumer demands, and optimise and strategically deploy assets of the Group, in order to establish a premium brand. The Group will continue to deepen its roots in the Yangtze River Delta and Shandong as two major core sectors, actively expand the strategic area of the Pearl River Delta, and continue to develop the two major opportunity markets in the Northeast and Southwest and fully explore local market demands to arrange and deploy real estate projects that act as the industry benchmark. Also, the Group will continue to strengthen its business management, steadily improve the standard of property management services and operational effectiveness, and improve the level of income from commercial properties through tenant optimization and brand strengthening.

In its development, the Group will always adhere to "building" and "operation" as two major brand strategic pillars, and strive to provide the city with a beautiful living space and high-quality commercial operation services. At the same time, the Group will optimise its management team and create a lean and efficient management system in order to enhance the operational efficiency of the Group. In the future, Shanghai Zendai will also keep adjusting its industry structure to adapt to the new movements in urban development. While striving to discover the brand value of its existing projects, the Group will seek more cooperation opportunities with a focus on core cities and city clusters to seize the structural opportunities arising from regional differentiation and expand markets with sustainable development potential by integrating its own strengths, thus rewarding its shareholders and the society.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Operation

Following the outbreak of Coronavirus Disease 2019 (the "**COVID-19**" outbreak) in early 2020, a series of precautionary and control measures have been and continued to be implemented across China. For the year ended 31 December 2020, the COVID-19 outbreak has a temporary unfavorable impact on the progress of the Group's property construction activities and the sales of its properties. In addition, the occupancy rates of the Group's investment properties and hotels have also been impacted adversely and hence the income as generated from the operations of these properties has also been reduced temporarily during the COVID-19 outbreak. The Group has granted certain rental concession reliefs to tenants based on the relevant PRC local regulations, and these concession reliefs have been accounted for as lease modifications.

During the year, the Nanjing Himalayas Center project and the "Riverside Thumb Plaza" project in Nanjing commenced delivery and recorded growth in turnover, which, combined with the cost control of administrative expenses and sales and marketing expenses, led to an improvement in the Group's operations before tax. However, the Group still recorded a loss subject to the provision of tax during the year.

Liquidity, Financial Resources, Capital Structure and Gearing

As at 31 December 2020, the Group had a financial position with net assets value of approximately HK$305 million (31 December 2019: approximately HK$1,671 million). Net current liabilities amounted to approximately HK$3,331 million (31 December 2019: net current assets amounted to approximately HK$376 million) with current ratio decreasing from 1.03 times at 31 December 2019 to approximately 0.68 times at 31 December 2020. The capital structure of the Group consists of borrowings (including current and non-current borrowings as shown in the consolidated balance sheet), net of cash and cash equivalents, and equity attributable to owners of the Company. As at 31 December 2020, the Group had consolidated borrowings of approximately HK$7,036 million, of which HK$4,289 million was repayable within one year and HK$2,747 million was repayable more than one year. As at 31 December 2020, borrowings of the amount of HK$5,785 million (31 December 2019: HK$6,391 million) bear interest at fixed interest rates ranging from 4.75% to 18.15% per annum (31 December 2019: ranging from 4.77% to 18.15% per annum). As at 31 December 2020, the Group's bank balances and cash including pledged bank deposits were approximately HK$708 million (31 December 2019: HK$1,955 million). The gearing ratio of the Group increased from 3.84 times at 31 December 2019 to 92 times at 31 December 2020 (basis: net debt, which is defined as total amounts of borrowings, amounts due to minority owners of subsidiaries and lease liabilities less cash and cash equivalents and pledged bank deposits, divided by equity attributable to owners of the Company).

Going Concern and Mitigation Measures

In order to meet its financial obligations as and when they fall due within the next twelve months and improve the Group's current ratio, the directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which include:

i. the Group will continue its ongoing efforts to convince the lenders of the Defaulted Borrowings, the Cross-Defaulted Borrowings and the Subsequently Defaulted Borrowings not to take any actions against the Group for immediate payment of the principals and interest of these borrowings. Based on latest communications with these lenders, there is no indication that these parties have any current intention to take action against the Group to demand immediate payment;

ii. the Group has been actively negotiating with certain financial institutions and identifying various options for restructuring the Group's existing borrowings (including the repayment of the Defaulted Borrowings), and financing the continuing construction of properties;

iii. the Group will seek to accelerate the construction as well as pre-sale and sale of its properties under development. In particular, in the second half of 2021, the Group plans to launch the pre-sale of properties in two development projects with a recorded carrying amount totalling RMB1,749 million (equivalent to approximately HK$2,078 million) as at 31 December 2020; and

iv. the Group will also continue to take active measures to control administrative costs and contain capital expenditures; and to seek other alternative financing to fund the settlement of its existing financial obligations and future operating expenditures.

Segment Information

Sales of properties

The turnover of this segment for the year was approximately HK$4,207,815,000 (2019: HK$846,060,000). The increase was primarily due to the substantial increase in the areas of the property to be delivered to purchasers.

Property rental, management and agency services

The turnover of this segment for the year was approximately HK$318,740,000 (2019: HK$368,550,000). The decrease was due to rent concessions provided to the tenants as well as the reduction of mall activities were held during the epidemic.

Hotel Operations

The turnover of this segment for the year was HK$72,148,000 (2019: HK$133,982,000). The decrease was due to the decline of occupancy rate as result of outbreak of COVID-19.

Foreign Currency and Interest Rates Exposures and Hedging

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Group as at 31 December 2020 were mainly denominated in RMB and HK$. Bank borrowings of the Group as at 31 December 2020 were all denominated in RMB. The Group currently does not use any financial instruments to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. The Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and restricted bank deposits. The Group currently does not utilize any financial instruments to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

Employees

As at 31 December 2020, the Group employed approximately 926 employees (2019: 955 employees) in Hong Kong and the PRC. They were remunerated with basic salary and bonuses according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, training scheme, insurance and medical insurance and share option scheme.

MATERIAL ACQUISITION AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed below and elsewhere in this announcement, there were no material acquisitions and disposals of subsidiaries, associates and joint ventures by the Company during the year under review:

(a) On 12 August and 24 August 2015, the Group entered into an equity transfer agreement and a supplementary agreement respectively (collectively, the "**Agreements**") to acquire the equity interest of 6 companies which hold land parcels (the "**Land Parcels**") in Gulou District, Nanjing (the "**Acquisitions**"). The aggregate site area of the Land Parcels was approximately 110,489 square metres and the total consideration for the Acquisitions was RMB4,513,609,000 (equivalent to approximately HK$5,389,384,000). Details of the Acquisitions were disclosed in the Company's announcement dated 25 August 2015.

As a result of the regulatory land plan adjustment to the district where the Land Parcels are located since late 2015, the Land Parcels are also subject to land plan adjustment. As at the date of this announcement, 4 out of 13 land title certificates of the Land Parcels have been obtained and delivered to the Group and the parties to the Agreements have been making efforts to proceed the completion of the Acquisitions as soon as possible.

(b) The Group intends to dispose the entire equity interest in Haimen Zendai Binjiang Real Estate Co., Ltd.*(海門証大濱江置業有限公司)and certain of its subsidiaries ("**Haimen Disposal**") by public tender through Shanghai United Asset and Equity Exchange. The Proposed Haimen Disposal shall constitute a very substantial disposal of the Group. The minimum bidding price for the Haimen Disposal is RMB1,582,900,000 (equivalent to approximately HK$1,770,600,000). The final consideration for the Haimen Disposal will depend on the final bid price offered by the successful bidder, but in any event will be no less than the abovementioned minimum bidding price. The ordinary resolution regarding the above transaction was not passed by the Shareholders at the special general meeting of the Company held on 29 May 2020, and the transaction was terminated. Further details of the transaction are set out in the announcements dated 2 February 2020, 13 February 2020, 16 March 2020, 6 April 2020, 14 April 2020, 28 April 2020, 29 April 2020, 14 May 2020, 29 May 2020 and the circular dated 14 April 2020 of the Company.

(c) The Group disposed of 70% equity interests in 煙台証大大拇指置業有限公司 (Yantai Zendai Thumb Property Co., Ltd.*) by way of public tender through the Alibaba Auction Platform (the "**Yantai Disposal**"). The minimum bid price for the Yantai Disposal was RMB33,000,000 (equivalent to approximately HK$36,130,000), whereas the consideration shall depend on the final bid price to be offered by the successful bidder and in any event shall be no less than the minimum bid price. On 19 August 2020, the Company was notified by the Alibaba Auction Platform that the Yantai Disposal was won by Yantai Zhengtong Real Estate Co., Ltd* ("**Zhengtong Real Estate**")(煙台市正通置業有限公司)at a consideration of RMB33,000,000 (equivalent to approximately HK$36,130,000) (the "**Consideration**"). On 4 September 2020, the Company was notified by the third-party auction agent of Alibaba Auction Platform that the remaining balance of the Consideration has not been paid by Zhengtong Real Estate as required and the tender has been terminated. Further details of the transaction are set out in the announcements of the Company dated 11 August 2020, 19 August 2020, 24 August 2020 and 7 September 2020.

PLEDGE OF ASSETS

As at the end of reporting period, the carrying amounts of following assets of the Group were pledged to secure certain borrowings and loans:

	2020	2019
	HK$'000	*HK$'000*
Property, plant and equipment	**966,769**	951,732
Investment properties	**4,887,416**	2,178,353
Properties under development and completed properties held-for-sale	**2,258,415**	2,476,444
Pledged bank deposits	**474,189**	1,444,812
	8,586,789	7,051,341

As at 31 December 2020, certain equity shares of the subsidiaries of the Group were pledged to secure certain borrowings granted to the Group.

CONTINGENT LIABILITIES

As at 31 December 2020, the Group provided guarantees to the extent of approximately HK$1,219,919,000 (2019: HK$596,772,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group, net of mortgages received and included in receipts in advance from customers. These guarantees provided by the Group to the banks would be released upon receiving the property title certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the Directors, the fair value of guarantee contracts is insignificant at initial recognition.

CORPORATE GOVERNANCE

The Company has adopted the Code on Corporate Governance Practices (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") as its own code of corporate governance and has taken careful measures to ensure that the provisions have been duly complied with from time to time. The Directors are of the opinion that the Company has met the code provisions in the CG Code during the year except the deviations as stipulated below.

Under the code provision A.4.2 of the CG Code, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Mr. Ma Yun and Mr. Wu Junao, non-executive directors of the Company, were appointed to fill casual vacancies on 23 April 2020 and should have retired at the adjourned special general meeting held on 29 May 2020. Pursuant to Bye-law 86(2) of the bye-laws of the Company, any director appointed by the Board to fill a casual vacancy shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at that meeting. Therefore, Mr. Ma Yun and Mr. Wu Junao retired and were re-elected at the annual general meeting of the Company held on 18 June 2020 (the "**AGM**").

Under the code provision E.1.2 of the CG Code, the chairman of the Board (the "**Chairman**") and the chairman of the nomination committee or his representative should attend the Company's AGM. Due to the new coronavirus pandemic and in light of the regulations introduced by the government in Hong Kong, the Chairman and the chairman of the nomination committee and his representative did not attend the AGM. Pursuant to Bye-law 63 of the bye-laws of the Company, Mr. How Sze Ming, the former independent non-executive director of the Company (resigned on 11 January 2021), was elected by the directors of the Company to chair the AGM. The auditors of the Company were also in attendance at the AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealing in the securities of the Company by the Directors. Having made specific enquiry of all the Directors, all of them have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2020.

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

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

Since the financial information contained in the Company's Unaudited Annual Results Announcement was neither audited nor agreed with the Auditor as at the date of their publication, subsequent adjustments have been made to such information, Shareholders and potential investors of the Company are advised to pay attention to certain differences between the financial information of the unaudited and audited annual results of the Group. Set forth below are principal details and reasons for the material differences in such financial information in accordance with Rule13.49(3)(ii)(b) of the Listing Rules.

	Disclosure in this announcement *HK$'000*	Disclosure in the Unaudited Annual Results Announcement *HK$'000*	Difference *HK$'000*
CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Assets			
Non-current assets			
Properties under development	795,016	–	795,016
Total non-current assets	7,727,556	6,932,540	795,016
Current assets			
Properties under development and completed properties held-for-sale	5,896,666	6,691,682	(795,016)
Total current assets	6,984,285	7,779,301	(795,016)
Liabilities			
Non-current liabilities			
Borrowings	2,746,429	4,179,647	(1,433,218)
Other payables	604,716	293,690	311,026
Total non-current liabilities	4,091,708	5,213,900	(1,122,192)
Current liabilities			
Trade and other payables	3,096,741	3,170,124	(73,383)
Borrowings	4,289,486	2,856,268	1,433,218
Total current liabilities	10,315,346	8,955,511	1,359,835
Total liabilities	14,407,054	14,169,411	237,643
Equity			
Reserves	2,335,341	2,572,984	(237,643)
Equity attributable to owners of the Company	71,262	308,905	(237,643)
Total Equity	304,787	542,430	(237,643)

Corresponding adjustments as a result of such differences referred to above have been made to note 4(b) (Reconciliation of reportable segment profit/(loss) before income tax, assets and liabilities) and note 14 (trade and other payables) to the consolidated financial statements of the Group (see pages 11 and 18 of this announcement respectively) and the section titled "Liquidity, Financial Resources, Capital Structure and Gearing" in the Management Discussion and Analysis disclosed in the Unaudited Annual Results Announcement (see page 29 of this announcement).

In addition, changes have been made to note 2.1 (going concern considerations) to the financial statements of the Group and the section titled "Going Concern and Mitigation Measures" in the Management Discussion and Analysis disclosed in the Unaudited Annual Results Announcement (see pages 6-8 and 29 of this announcement respectively).

These differences are mainly due to:

– the reclassification of certain properties under development from current assets to non-current assets;

– the reclassification of certain borrowings from non-current liabilities to current liabilities; and

– the accrual or reclassification of certain interest and late payment surcharges payables as non-current liabilities in accordance with the terms of a debt restructuring agreement as signed with a shareholder of the Company and other companies with which the shareholder is associated.

Save as disclosed above, all other information in the Unaudited Annual Results Announcement remains unchanged.

The audited consolidated financial statements of the Group for the year ended 31 December 2020 have been reviewed by the Audit Committee of the Company and were approved by the Board on 30 April 2021.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December, 2020 as set out in this announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers on this announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The below paragraphs set out an extract of the report by PricewaterhouseCoopers, the auditor of the Company, regarding the consolidated financial statements of the Group for the year ended 31 December, 2020:

Disclaimer of Opinion

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

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in Note 2.1 to the consolidated financial statements, the Group reported a net loss of HK$1,157 million during the year ended 31 December 2020. As at 31 December 2020, the Group's equity attributable to owners' of the Company amounted to HK$71 million and its current liabilities exceeded its current assets by HK$3,331 million. At the same date, the Group's total borrowings amounted to HK$7,036 million (including the current portion of HK$4,289 million), while the Group only had unrestricted cash and cash equivalents of HK$231 million. In addition, as at 31 December 2020, the Group was in default of borrowings (the "Defaulted Borrowings") with principal and interest amounts totalling HK$1,077 million because of non-payment at their respective due dates. Such default events also triggered cross-defaults of other certain borrowings of the Group with aggregated principal amounts of HK$1,869 million (the "Cross-Defaulted Borrowings") and related interest of HK$4.2 million as at 31 December 2020. Additional borrowings with aggregated principal amounts of HK$245 million (the "Subsequently Defaulted Borrowings") were defaulted and cross-defaulted subsequent to 31 December 2020 due to the provision of an additional financial guarantee by a subsidiary of the Company to the lender of the Defaulted Borrowings which breached certain terms and conditions of such borrowings of this subsidiary. These conditions, together with other matters described in Note 2.1 to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

Management of the Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position and to restructure the existing borrowings, which are set out in Note 2.1 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these plans and measures, which are subject to multiple uncertainties, including (a) successful negotiations with the lenders of the Defaulted Borrowings, Cross-Defaulted Borrowings and Subsequently Defaulted Borrowings, despite the anticipated operating results for 2021 and the possible negative equity attributable to owners' of the Company as mentioned in the said note, such that they will not take any actions against the Group to exercise their rights to demand immediate payment of the principals and interest of these borrowings before the Group is able to secure additional new sources of funding and restructure its existing borrowings, including repaying the Defaulted Borrowings; (b) successfully and timely securing new financing from the financial institutions with which the Group is actively negotiating to fund the aforesaid restructuring of its existing borrowings as well as the continued financing of the construction of properties. Securing new financing depends on (1) the current regulatory environment, and whether increased regulation such as the "Three Red Lines" financial supervisory rules for real estate companies or other restrictions are applicable to the Group and/or these financial institutions; (2) whether the lenders of existing borrowings are agreeable to the terms and conditions of the financing and refinancing agreements; and (3) the Group's ability to continuously comply with these terms and conditions; (c) successfully accelerating the construction as well as pre-sale and sale of its properties under development and timely collection of the relevant sales proceeds, including meeting all of the necessary conditions to launch the pre-sale, and to make these pre-sales at the expected sale prices and in accordance with the timelines projected by management in the cash flow projections; and (d) the Group's ability to generate operating cash flows and obtain additional sources of financing other than those mentioned above, to meet the Group's ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

As a result of these multiple uncertainties, the potential interaction of these uncertainties, and, the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation is appropriate.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zendaiproperty.com). The 2020 Annual Report of the Company containing the information required by the Listing Rules will be dispatched to the shareholders and made available on the same websites in due course.

By order of the Board
Shanghai Zendai Property Limited
Mr. Huang YuHui
Executive Director

Hong Kong, 30 April 2021

As at the date of this announcement, the executive Directors are Mr. Wang Letian, Mr. Huang Yuhui, Mr. He Haiyang and Ms. Li Zhen. The non-executive Directors are Ms. Wang Zheng, Mr. Ma Yun and Mr. Wu Junao. The independent non-executive Directors are Dr. Guan Huanfei, Mr. Chu Chi Wen, Mr. Chen Shuang, Mr. Cao Hailiang and Dr. Lin Xinzhu.

* *For identification purpose only*