Ever Reach Group (Holdings) Company Limited
恒 達 集 團（控 股）有 限 公 司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3616)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Ever Reach Group (Holdings) Company Limited (the "**Company**") announces the consolidated results of the Company for the year ended 31 December 2020 together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

		Year ended 31 December	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
Revenue	*3*	**2,422,051**	1,974,060
Cost of sales	*4*	**(1,643,090)**	(1,208,771)
Gross profit		**778,961**	765,289
Fair value (losses)/gains on investment properties		**(3,811)**	4,484
Selling and marketing expenses	*4*	**(101,981)**	(63,502)
Administrative expenses	*4*	**(132,132)**	(90,558)
Net impairment losses on financial assets	*4*	**(694)**	(44,771)
Other income		**1,096**	—
Other (losses)/gains — net	*5*	**(20,627)**	19,581
Operating profit		**520,812**	590,523
Finance income	*6*	**1,414**	1,230
Finance costs	*6*	**(10,876)**	(73,861)
Finance costs — net		**(9,462)**	(72,631)
Share of results of an investment accounted for using the equity method		**—**	(548)
Profit before income tax		**511,350**	517,344
Income tax expense	*7*	**(228,759)**	(226,579)
Profit for the year		**282,591**	290,765
Attributable to:			
Owners of the Company		**284,011**	293,040
Non-controlling interests		**(1,420)**	(2,275)
		282,591	290,765
Earnings per share attributable to the owners of the Company (expressed in RMB)			
— Basic and diluted earnings per share	*8*	**0.24**	0.24

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit for the year	**282,591**	290,765
Other comprehensive income for the year		
— *Item that will not be reclassified subsequently to profit or loss*		
— Revaluation surplus upon transfer of an owner-occupied property to investment property, net of tax	**—**	7,459
Total comprehensive income for the year, net of tax	**282,591**	298,224
Attributable to:		
Owners of the Company	**284,011**	300,499
Non-controlling interests	**(1,420)**	(2,275)
	282,591	298,224

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

		As at 31 December	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**45,768**	40,685
Investment properties		**94,050**	96,700
Deferred tax assets		**142,138**	102,947
Right-of-use assets		**22,852**	19,214
An investment accounted for using the equity method		**20,042**	—
Total non-current assets		**324,850**	259,546
Current assets			
Prepayments for leasehold land		**192,758**	443,330
Properties held or under development for sale		**6,961,071**	5,104,128
Trade and other receivables and prepayments	*10*	**275,865**	299,183
Prepaid income taxes		**74,615**	55,119
Contract assets		**5,769**	4,005
Financial assets at fair value through profit or loss		**133**	181
Restricted cash		**119,002**	115,740
Cash and cash equivalents		**554,504**	245,157
Total current assets		**8,183,717**	6,266,843
Total assets		**8,508,567**	6,526,389

		As at 31 December	
		2020	2019
	Notes	***RMB'000***	*RMB'000*
EQUITY			
Share capital		**10,645**	10,645
Share premium		**299,188**	299,188
Retained earnings		**1,022,188**	752,291
Other reserves		**167,938**	153,824
Equity attributable to owners of the Company		**1,499,959**	1,215,948
Non-controlling interests		**30,131**	17,551
Total equity		**1,530,090**	1,233,499
LIABILITIES			
Non-current liabilities			
Bank borrowings		**29,000**	—
Other long-term borrowings		**212,377**	432,348
Deferred tax liabilities		**16,699**	13,139
Lease liabilities		**18,336**	16,223
Total non-current liabilities		**276,412**	461,710
Current liabilities			
Bank borrowings		**110,000**	291,000
Other current borrowings		**64,640**	—
Current portion of other long-term borrowings		**136,000**	342,752
Contract liabilities		**3,877,453**	2,702,327
Trade and other payables	*11*	**2,081,117**	1,114,038
Current income tax liabilities		**426,729**	377,855
Lease liabilities		**6,126**	3,208
Total current liabilities		**6,702,065**	4,831,180
Total liabilities		**6,978,477**	5,292,890
Total equity and liabilities		**8,508,567**	6,526,389

NOTES

1 GENERAL INFORMATION

The Company (Cayman Islands Company Number: 313570) was incorporated in the Cayman Islands on 22 July 2016 as an exempted company with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in property development business in the People's Republic of China (the "**PRC**").

The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 November 2018.

The financial information is presented in thousands of Renminbi (RMB'000), unless otherwise stated.

2 BASIS OF PREPARATION AND NEW STANDARD AND AMENDMENTS EFFECTIVE IN 2020

2.1 Basis of preparation

(i) Compliance with Hong Kong Financial Reporting Standards ("HKFRSs") and disclosure requirements of the Hong Kong Companies Ordinance ("HKCO")

The financial information set out in this announcement is extracted from the Company's consolidated financial statements which have been prepared in accordance with HKFRSs and the disclosure requirements of HKCO (Cap. 622).

(ii) Historical cost convention

The financial information have been prepared on a historical cost basis, except for the followings:

- financial assets at fair value through profit or loss — measured at fair value through profit or loss, and
- investment properties — measured at fair value.

The preparation of 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.

(iii) New standard and amendments of HKFRSs effective in 2020

The Group has applied the following new standard and amendments for the first time for its 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
- Covid-19-related Rent Concessions — amendments to HKFRS 16

(iv) New standard and amendments of HKFRSs not yet adopted

The following new accounting standards and amendments have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the Group. These standards and amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

		Effective for annual periods beginning on or after
HKFRS 17	Insurance Contracts	1 January 2023
Amendments to HKAS 16	Property, Plant and Equipment — proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Improvements to HKFRSs	Annual Improvements to HKFRS Standards 2018–2020	1 January 2022
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

3 REVENUE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Sales of properties	**2,417,639**	1,971,020
— Recognised at a point in time	**2,417,639**	1,907,952
— Recognised over time	**—**	63,068
Rental income	**4,412**	3,040
	2,422,051	1,974,060

4 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses, administrative expenses and net impairment losses on financial assets are analysed as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Costs of properties recognised in profit or loss		
— Land use rights and demolition and resettlement costs, after deducting related government grants	**437,319**	321,577
— Construction costs and capitalised expenditures	**1,064,977**	773,574
— Net provision for decline in values of properties held for sale	**33,178**	25,660
— Interest capitalised	**89,910**	74,526
Staff costs	**97,594**	66,254
Advertising and publicity costs	**43,038**	25,084
Professional fees	**22,589**	14,688
Office and meeting expenses	**22,605**	14,482
Entertainment expenses	**20,047**	12,324
Depreciation of property, plant and equipment and amortisation of right-of-use assets	**11,222**	9,668
Stamp duty and other taxes	**11,011**	9,644
Tax and surcharges	**8,888**	7,081
Sales agent commission	**8,935**	4,005
Net impairment losses on financial assets	**694**	44,771
Bank charges	**493**	272
Rental expenses	**342**	89
Travelling expenses	**274**	1,028
Other expenses	**4,781**	2,875
Total cost of sales, selling and marketing expenses, administrative expenses and net impairment losses on financial assets	**1,877,897**	1,407,602

5 OTHER (LOSSES)/GAINS — NET

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Accrued loss of a contract *(a)*	**(13,000)**	—
Donations	**(6,336)**	(1,388)
Penalties, fines and compensations	**(822)**	64
Losses on disposal of property, plant and equipment	**(128)**	—
Fair value losses on financial assets at fair value through profit or loss	**(48)**	(9)
Exchange (losses)/gains	**(45)**	62
Waiver of the interest payable to Mr. Lin Peiqing *(b)*	**—**	20,128
Gain on disposal of an associate	**—**	548
Others	**(248)**	176
	(20,627)	19,581

(a) The Group entered into a development contract with a co-developer in which the Group co-develop a project of associate company with the co-developer. Based on the best estimate as at 31 December 2020, the Group considered it might suffer a loss of about RMB13,000,000 under this contract due to the higher expected future cost over the future benefits to be received, therefore accrual for potential loss was recorded.

(b) On 20 March 2019, the Group signed an agreement with Mr. Lin Peiqing, under which Mr. Lin Peiqing agreed to waive the interest payable due to him of approximately RMB20,128,000. The Group recognised the waiver as other gain in the consolidated statement of profit or loss for the year ended 31 December 2019.

6 FINANCE INCOME/(COSTS)

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Finance income		
— Interest income on bank deposits	**1,414**	1,230
Finance costs		
— Interest on bank borrowings, other current borrowings and other long-term borrowings	**(56,529)**	(59,897)
— Interest on pre-sale deposits received	**(56,568)**	(99,384)
— Interest charges on lease liabilities	**(1,077)**	(961)
	(114,174)	(160,242)
Amount capitalised	**103,298**	86,381
Finance costs expensed	**(10,876)**	(73,861)
Finance costs — net	**(9,462)**	(72,631)

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax		
— PRC land appreciation tax	**104,677**	115,386
— PRC corporate income tax	**159,713**	162,052
	264,390	277,438
Deferred income tax	**(35,631)**	(50,859)
Total income tax charged for the year	**228,759**	226,579

PRC corporate income tax

Under the Corporate Income Tax (the "**CIT**") Law of the PRC, the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong.

No deferred PRC withholding income tax was recognised on the accumulated unremitted distributable profits up to 31 December 2017, which were generated by the Group's PRC subsidiaries and are attributable to the investors outside the PRC. The Group controls the dividend policies of these subsidiaries and it has been determined that the accumulated unremitted distributable profits up to 31 December 2017 will not be distributed in the foreseeable future.

Based on the management's best estimation, deferred income tax liabilities of RMB12,319,000 as at 31 December 2018 have been recognised for the PRC withholding tax that would be payable upon remittance, in respect of a portion of the unremitted distributable profits of certain PRC subsidiaries attributable to the investor outside the PRC.

During 2019, withholding tax of RMB3,111,111 has been paid by the Group upon the payment of dividend. No additional deferred income tax charge for the years ended 31 December 2019 and 2020 has been recognised for the PRC withholding tax.

As at 31 December 2020, deferred PRC withholding income tax liabilities of RMB101,789,000 (31 December 2019: RMB82,178,000) have not been recognised on the remaining unremitted distributable profits of RMB1,017,894,000 (31 December 2019: RMB821,776,000) of the Group's PRC subsidiaries.

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated statements of profit or loss as income tax expense.

Hong Kong profits tax

No provision for Hong Kong profits tax was provided as the Group's Hong Kong companies did not have assessable profits subject to Hong Kong profits tax for the years ended 31 December 2020 and 2019.

Overseas corporate income tax

No provision for taxation has been recognised for companies incorporated in the Cayman Islands and the British Virgin Islands as they were not subject to any tax during the years ended 31 December 2020 and 2019.

8 EARNINGS PER SHARE

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

	Year ended 31 December	
	2020	2019
The Group's profit attributable to the owners of the Company (RMB'000)	**284,011**	293,040
Weighted average number of ordinary shares in issue ('000)	**1,200,000**	1,200,000
Basic and diluted earnings per share (expressed in RMB)	**0.24**	0.24

For the years ended 31 December 2020 and 2019, diluted earnings per share was equal to the basic earnings per share as there were no dilutive shares.

9 DIVIDENDS

		Year ended 31 December	
		2020	2019
		RMB'000	*RMB'000*
(i)	Dividend payable at the end of the reporting period	**—**	—
(ii)	Dividend paid in cash during the years ended 31 December 2020 and 2019	**—**	62,240
(iii)	Dividend not recognised at the end of the reporting period *(Note)*	**60,000**	—

Note: On 25 March 2021, the directors have recommended the payment of a final dividend of HK6.0 cents (equivalent to approximately RMB5.0 cents) per fully paid ordinary share in respect of the year ended 31 December 2020 (2019: Nil). Such proposed dividend is not recognised as a liability as at 31 December 2020.

10 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables	**—**	—
Other receivables and prepayments	**275,865**	299,183
	275,865	299,183

11 TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables	**1,026,796**	765,417
Other payables	**1,054,321**	348,621
	2,081,117	1,114,038

At 31 December 2020 and 2019, the ageing analysis of trade payables based on invoice date is as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Less than 1 year	**822,560**	694,164
Between 1 and 2 years	**173,669**	41,572
Between 2 and 3 years	**11,917**	23,397
Over 3 years	**18,650**	6,284
	1,026,796	765,417

As at 31 December 2020 and 2019, the fair value of trade and other payables approximates their carrying amounts.

As at 31 December 2020 and 2019, the carrying amounts of trade and other payables were all denominated in RMB.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board, I am pleased to present the results of the Group for the year ended 31 December 2020.

ANNUAL REVIEW

Year of 2020 was a year equally filled with risks and opportunities. The COVID-19 pandemic caused a relatively large impact towards the real estate industry at the beginning of 2020. However, with the outbreak brought under control, all staff members of the Group strived hard to overcome difficulties. By adopting various sales models such as online sales, we made efforts to ensure the solid development of all business segments. Besides making a steady step forward to our strategic goals, we also laid down a foundation for the development of the Group in the future.

Year of 2020 was an unusual year with difficulties and challenges coming from both the society and the industry itself. The Group never backed down; while fighting against the COVID-19 outbreak, we strived to resume work and operation, explored various sales models, combined online and offline sales, and introduced the digital sales system into our operations. We also informatized our management system, made digital upgrades, and laid down a foundation for the Company's future development. While focusing on our own growth, we also dedicated ourselves to public welfare. To fulfil our social responsibility, we made donation amounting to approximately RMB4,577,000 to support the communities to fight against the COVID-19 pandemic.

In 2020, Xuchang Hengda Property Group Company Limited* (許昌恒達房地產集團有限公司) ("**Xuchang Hengda**"), a wholly-owned subsidiary of the Group was assigned AAA rating, the highest possible rating, by the China Real Estate Association* (中國房地產業協會). The Xuchang Hengda Dongcheng Garden* (許昌恒達•東城花園) project, the Changge Hengda Junyuefu* (長葛恒達•君悦府) project, the Linying Hengda* (臨潁恒達) project and other projects have been gradually commenced. Meanwhile, various projects were awarded "2020 Quality Constructions of Xuchang City".

To lower procurement costs and increase operation efficiency, we established the Xuchang Xuheng Commerce Company Limited* (許昌許恒商貿有限公司), which is responsible for centralized procurement for the Group. At the same time, in order to maintain steady business growth, we set up the following new project companies in the form of sole proprietorship or joint venture, namely: (i) Xuchang Dongheng Property Development Company Limited* (許昌東恒房地產開發有限公司); (ii) Xiangcheng Hengda Property Development Company Limited* (襄城縣恒達房地產開發有限公司); and (iii) Luohe Hengda Huatai Realty Company Limited* (漯河恒達華泰置業有限公司).

Over the past 28 years of our development, the Group has always adhered to the principle of "Integrity Management, Fulfilling Every Promise" in our effort to create a beautiful chapter in urban construction. By gaining a foothold in the market with our products and services, the Group strives towards the goals of targeting extensive exploration, and the pursue of excellent and effective operation and large-scale services. We thereby endeavour to create a win-win situation for our customers, the society, our staff, stakeholders and investors.

ANNUAL RESULTS

For the year ended 31 December 2020, the Group's total revenue was approximately RMB2,422.1 million, representing an increase of approximately 22.7% from approximately RMB1,974.1 million for the year ended 31 December 2019. For the year ended 31 December 2020, the net profit was approximately RMB282.6 million, representing a decrease of approximately 2.8% from approximately RMB290.8 million for the year ended 31 December 2019.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK6.0 cents per ordinary share (equivalent to approximately RMB5.0 cents per ordinary share) for the year ended 31 December 2020.

OUTLOOK

In 2021, the development of China's real estate industry will focus on three areas, including: (i) exploring opportunities for structural development, seeking to find suitable developmental opportunities based on local policies, demographics, family structures, and consumer demand; (ii) making greater efforts in inventory clearance, reforming the market such that its primary goal is to clear up existing inventory; and (iii) digitalizing the real estate industry, making "smart property" and "smart community" the new learning topics of the industry, and procuring enterprises to develop smart products that are in line with the modern era.

In the future, the digitalization of the real estate industry will become a significant part of the development. During the initial stage of transformation, the real estate industry will focus on key areas such as smart homes, online trading, home expansion, and credit building. The industry will also be required to undergo gradual digitalization. Properties will have to be upgraded from being secure and functional, to being healthy and comfortable, ultimately catering to all expectations of consumers on the ideal home by providing more options and better service quality and experience for consumers. The Group has set up a product design team that actively learns from leading enterprises in the industry, so as to improve our community service and management system.

In 2021, China will continue to adhere to the principle of "residential properties are for living, not speculation" by actively implementing its long-lasting property market control mechanism — to maintain a stable economy, properties will not be used as a short-term measure for stimulating the economy.

Looking forward, the Group will actively layout our market strategies of precise and in-depth exploration, raise quality of our products, and increase brand influence. The Group will (i) implement business models to maximize project turnover rates, develop new projects with high turnover as the goal, formulate project development plans based on the high turnover requirements established by the Group, and in accordance with our own targets in relation to capital recovery cycle, profit margin, and annualized return etc., and undergo stringent assessments. At the same time, we will also take serious measures to control the effective operations of design, construction, sales and other areas during the project development process; (ii) make greater efforts in inventory clearance, analyse product strengths and weaknesses based on market situations, adopt flexible and diverse marketing measures and incentives to control inventory cycle time, to increase the speed of inventory clearance; (iii) make greater efforts to nurture talents, in order to simultaneously develop our human resources and business strategy. Through the continuous optimization of our staff management system, performance management system, and the talent nurturing system, we can make full use of the results of our qualification evaluations and performance appraisals, to enhance both our business performance and staff quality; and (iv) continuously enhance our management and control capabilities by establishing a risk control system, to safeguard our business development. The Group will further increase the level of the risk control management, define internal control targets, and, by combining the Company's management and control systems, embed risk control elements into our business procedures. Hence, by having a unified and strengthened management system of major risk areas, we can better control and prevent from risks.

In 2021, the Group will continue to mount new heights while marching forward. We will strive to seize opportunities, gradually carry out projects, and actively enhance our brand influence, in order to make new contributions to the Group and its shareholders.

ACKNOWLEDGEMENT

I would like to take this opportunity to express my gratitude to our shareholders, business partners, customers and suppliers for their support and trust on behalf of the Board. I also thank the management and all staff for their contributions and efforts over the past years.

Li Xiaobing
Chairman and Executive Director

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2020, China maintained a steady growth in its property market. Acting as a stabilizer of economic development, China's real estate played an important role in digesting the production capacity of up and down stream industries, maintaining the financial system and stabilizing the financial performance of local governments at every level. Amidst the COVID-19 outbreak during the first half of 2020, China cut its reserve requirement ratio 3 times and reduced its interest twice to maintain sufficient overall market liquidity. As another result of the pandemic, the Chinese government has made "keeping employment, the financial sector, foreign trade, foreign and domestic investments, and expectations stable" and "ensuring security in the six areas of employment, basic living needs, operations of market entities, food and energy security, stable industrial and supply chains, and the normal functioning of primary-level governments" as its primary goals; thus, loan financing for real estate enterprises has been relaxed during the period. With the pandemic gradually under control, three red guidelines have been promulgated by the Ministry of Housing and Urban-Rural Development and the People's Bank of China during the second half of the year. The China Banking and Insurance Regulatory Commission stated that it would continue to carry out special reviews on the real estate loans of more than 30 major cities, prevent the over-granting of loans to properties with high leverage ratios and heavy financial pressure, and make greater efforts to investigate the inflow of down payment loans and consumption loans into the property market. In light of the above, real estate financing is more stringently regulated.

In 2020, under the overarching principle of "residential properties are for living, not speculation", local governments implemented policies according to their relevant urban conditions with more flexibility. Supporting policies in relation to both the supply and demand sides of the property market were gradually launched by various government authorities. In the second half of 2020, policies tightened with increasing controlling measures regarding the property market. However, the regulations in most cities remained moderate. Meanwhile, in terms of price and quantity, the competition in Henan Province was relatively fierce. Actual closing prices of most projects decreased as a result of various marketing practices; yet with the gradual launch of regulatory policies, the supply and demand balance will be slowly improved.

Looking back to 2020, the development of the property market of Henan Province maintained stable. Investment in real estate development in the entire province amounted to approximately RMB778.3 billion, representing an increase of approximately 4.3% as compared to 2019; total construction area of property development enterprises amounted to approximately 584.4 million sq.m., representing an increase of approximately 1.5% as compared to 2019; and the sales volume of commercial housing amounted to approximately

RMB936.4 billion, representing an increase of approximately 3.9% over last year. In 2020, the contracted sales volume of the Group's commercial housing was approximately RMB4.34 billion, representing an increase of approximately 66.3% as compared to 2019.

The real estate industry of Xuchang faced unprecedented challenges over the past year. From the trading halt resulted from the pandemic outbreak at the beginning of the year to the gradual recovery of the industry, Xuchang experienced many challenges and reforms, and the development outlook of its various segments remains optimistic. Properties continue to be launched for sale with high demand, which boosted people's confidence in the market.

The Integration of Zhengzhou and Xuchang Initiative* (鄭許一體化) allowed Xuchang to capture golden opportunities among the urban clusters of the Central Plains, thus maximizing the potential and space for Xuchang's future development. With the gradual construction of Zhengzhou and Xuchang's railway system, The Integration of Zhengzhou and Xuchang Initiative speeded up. Moreover, the Xuchang government continued to stabilize the economy by building urban infrastructure and improving employment policies. In addition to the established industry base of Xuchang, this equipped the real estate market with favourable conditions and a diverse, positive developmental outlook ahead.

BUSINESS OVERVIEW

The Group has been working towards its annual and mid to long term goals by making progress in project operation, strategic marketing, marketing model, operational control, and brand influence. In 2020, the Group acquired a total of approximately 124,224 square meters of land located at the core area of Xuchang City through the process of bidding invitation, auction or listing. The land's strategic position provides it with convenient transport, abundant resources in its vicinity, and excellent competitiveness in the market. The Group has also established four new companies in the form of sole proprietorship or joint venture, namely: (i) Xuchang Xuheng Commerce Company Limited* (許昌許恒商貿有限公司); (ii) Xuchang Dongheng Property Development Company Limited; (iii) Xiangcheng Hengda Property Development Company Limited and (iv) Luohe Hengda Huatai Realty Company Limited.

In 2020, we took the initiative to seek out different solutions in respect of sales of properties. The introduction of the digitalized sales system allowed our sales procedures to become more standardized and convenient, and our sales data to become more straight-forward, clear, and transparent. At the same time, by combining our online and offline sales platforms, we boosted the online exposure of the Group and projects developed by us, and also enhanced our brand awareness. During the year, among projects for sale, Hengda Lanjun* (恒達瀾郡), Hengda Heyuan* (恒達和園), Mingmen Xijun* (名門西郡) and Yuzhou Binhefu* (禹州市濱河府) achieved satisfactory contracted sales performance, with increased total contracted sales volume as compared with 2019. Meanwhile, the Group continues to develop projects such as Dongcheng Garden, Yuzhou Sunshine City* (禹州市陽光城), and Xiangcheng Hengda Xijun* (襄城縣恒達熙郡) to provide a stable growth momentum for our sales and performance in the coming years.

The Group adhered to the business model of developing mixed residential and commercial properties, to increase the overall value of residential projects. When developing commercial and residential projects, we always opt for prime locations in urban areas that allow tenants to enjoy the benefits of having a convenient transport network and quality infrastructure nearby, such as banks, hospitals, schools, government offices, and recreational facilities. To provide extra comfort and convenience, we also select places with desirable surrounding environments. Meanwhile, we adopt a humanistic approach when choosing architectural styles and making landscape design plans, where we create a well-blended, reciprocal relationship between society and the built environment, to bring forward the best living experience for our residents, and at the same time, enhance the brand image and reputation of the Group.

LAND RESERVES

As at 31 December 2020, the GFA of the Group's land reserves was approximately 3.6 million square meters ("**sq.m.**"). The table below sets forth a summary of the land reserves as at 31 December 2020 by geographical location:

	Completed	**Under development**	**Future development**		
	Completed saleable/ leasable GFA remaining unsold	**GFA under development**	**Planned GFA**	**Total land reserve**	**% of total land reserve**
	sq.m.	*sq.m.*	*sq.m.*	*sq.m.*	%
Xuchang City					
Weidu District	82,928	656,124	266	739,318	20.7
Jian'an District	48,771	40,109	146,930	235,810	6.6
Yuzhou City	47,506	918,117	607,657	1,573,280	44.0
Changge City	21,900	346,571	73,667	442,138	12.4
Yanling County	13,085	112,727	—	125,812	3.5
Xiangcheng County	—	47,999	39,851	87,850	2.5
Dongcheng District	—	221,986	145,391	367,377	10.3
Total	214,190	2,343,633	1,013,762	3,571,585	100.0

Note: Land reserves equal the sum of (i) total completed saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

CONTRACTED SALES

The table below sets forth a breakdown of our major types of contracted sales and contracted average selling price ("**ASP**"):

	For the year ended 31 December 2020	2019	% change +/-
Contracted sales attributable to:			
Residential units (RMB, million)	**3,816.1**	2,260.5	+68.8%
Commercial units (RMB, million)	**398.6**	267.1	+49.2%
Car parking spaces (RMB, million)	**115.0**	74.4	+54.6%
Others (RMB, million)	**10.5**	7.6	+38.2%
Total (RMB, million)	**4,340.2**	2,609.6	+66.3%
Contracted saleable GFA/Lot attributable to:			
Saleable GFA (sq.m.)	**638,930**	378,235	+68.9%
Car parking space (lot)	**1,749**	941	+85.9%
Contracted ASP attributable to:			
Saleable GFA (RMB/sq.m.)	**6,793**	6,703	+1.3%
Car parking space (RMB/lot)	**65,752**	79,065	-16.8%

Our contracted ASP per sq.m. of saleable GFA increased by 1.3% to approximately RMB6,793 per sq.m. in 2020. The increase in 2020 was mainly due to the increase in market price of properties in Henan Province.

Our contracted ASP per lot for car parking space decreased by 16.8% to approximately RMB65,752 per lot in 2020 due to the lower ASP of the car parking spaces at the Hengda Heyuan in 2020.

FINANCIAL REVIEW

Results

The financial performance and results for the year ended 31 December 2020 were acceptable. Key financial ratios have met the expectation of the management.

During the year ended 31 December 2020, the revenue of the Group reached approximately RMB2,422.1 million (2019: RMB1,974.1 million), representing an increase of approximately 22.7%.

The Group recorded gross profit of approximately RMB779.0 million (2019: RMB765.3 million), representing an increase of approximately RMB13.7 million, or approximately 1.8%.

Gross profit margin was approximately 32.2% in 2020 (2019: 38.8%), representing a decrease of approximately 17.0% as compared with that in 2019.

Profit for the year decreased by approximately RMB8.2 million, or 2.8%, from approximately RMB290.8 million for the year ended 31 December 2019 to approximately RMB282.6 million for the year ended 31 December 2020.

Revenue

Our revenue was derived from (i) sales of properties and (ii) rental income. The following table sets forth the breakdown of the revenue and their respective percentages of contribution to the total revenue for the years indicated:

	Year ended 31 December				
	2020		2019		% change
	RMB'000	***%***	*RMB'000*	*%*	+/-
Sales of properties	**2,417,639**	**99.8**	1,971,020	99.8	22.7%
Rental income	**4,412**	**0.2**	3,040	0.2	45.1%
	2,422,051	**100.0**	1,974,060	100.0	22.7%

The tables below set out the revenue from the sales of properties, the total GFA units of properties recognised and the overall recognised ASP of our properties by property types:

	Year ended 31 December					
	2020			2019		
	Revenue	**GFA recognised**	**Recognised ASP per sq.m.**	Revenue	GFA recognised	Recognised ASP per sq.m.
	RMB'000	***sq.m.***	***RMB***	*RMB'000*	*sq.m.*	*RMB*
Residential	**2,019,393**	**309,952**	**6,515**	1,710,974	305,165	5,607
Commercial	**246,448**	**33,812**	**7,289**	193,339	18,608	10,390
Storage	**10,254**	**3,665**	**2,798**	10,290	4,178	2,463
	2,276,095	**347,429**	**6,551**	1,914,603	327,951	5,838

	Revenue	**Units recognised**	**Recognised ASP per unit**	Revenue	Units recognised	Recognised ASP per unit
	RMB'000	***lot***	***RMB***	*RMB'000*	*lot*	*RMB*
Car parking spaces	**141,544**	**1,699**	**83,310**	56,417	711	79,349

Sales of properties, which accounted for approximately 99.8% (2019: 99.8%) of our total revenue for the year ended 31 December 2020, were contributed by the sales of residential and commercial properties, storages and car parking spaces recognised in the year.

Our revenue increased by approximately RMB448.0 million or 22.7% from approximately RMB1,974.1 million for the year ended 31 December 2019 to approximately RMB2,422.1 million for the year ended 31 December 2020, which was principally attributable to the result of approximately RMB308.4 million increase in the sales of our residential properties during the year ended 31 December 2020.

The increase in sales of residential properties was mainly due to the effect of increase of recognised ASP per sq.m. from approximately RMB5,607 for the year ended 31 December 2019 to approximately RMB6,515 for the year ended 31 December 2020, representing an increase of approximately 16.2% year-on-year.

The increase in the sales of our commercial properties during the year was primarily due to the effect of increase in GFA recognised for commercial properties of approximately 81.7%, despite partially offset by the decrease in recognised ASP per sq.m..

Gross profit and gross profit margin

The table below sets out the revenue, gross profit and gross profit margin by types:

	Year ended 31 December							
	2020				2019			
	Revenue	**Cost of sales**	**Gross profit**	**Gross profit Margin**	Revenue	Cost of sales	Gross profit	Gross profit Margin
	RMB'000	***RMB'000***	***RMB'000***	**%**	*RMB'000*	*RMB'000*	*RMB'000*	%
Sales of properties								
— Residential	**2,019,393**	**1,305,103**	**714,290**	**35.4**	1,710,974	1,040,085	670,889	39.2
— Commercial	**246,448**	**201,625**	**44,823**	**18.2**	193,339	95,424	97,915	50.6
— Car parking spaces and storages	**151,798**	**136,362**	**15,436**	**10.2**	66,707	73,262	(6,555)	(9.8)
Subtotal	**2,417,639**	**1,643,090**	**774,549**	**32.0**	1,971,020	1,208,771	762,249	38.7
Rental	**4,412**	**—**	**4,412**	**100.0**	3,040	—	3,040	100.0
	2,422,051	**1,643,090**	**778,961**	**32.2**	1,974,060	1,208,771	765,289	38.8

The overall gross profit margin of sales of properties and gross profit margin of sales of residential properties dropped from approximately 38.8% in 2019 to 32.2% in 2020 and approximately 39.2% in 2019 to 35.4% in 2020, respectively.

The gross profit margin of commercial properties dropped from approximately 50.6% in 2019 to 18.2% in 2020, representing a year-on-year decrease of approximately 64.0%. It was because the commercial properties delivered during the year ended 31 December 2020 were mainly apartments with less ASP per sq.m..

The negative gross profit margin of sales of car parking spaces and storage in year 2019 was due to the combined effects of (i) decrease in market price of car parking spaces of certain project in Xuchang City; and (ii) write-down of value of car parking spaces in 2019.

Profit for the year was approximately RMB282.6 million (2019: RMB290.8 million), representing a drop of approximately RMB8.2 million. It was mainly due to the (i) decrease of our overall gross profit margin from approximately 38.8% for the year ended 31 December 2019 to approximately 32.2% for the year ended 31 December 2020 and (ii) increase of selling and marketing expenses and administrative expenses from approximately RMB63.5 million and RMB90.6 million to approximately RMB102.0 million and RMB132.1 million, respectively.

Fair value gains on investment properties

The Group's investment properties were valued at 31 December 2020 by an independent professional qualified valuers, Vincorn Consulting and Appraisal Limited, who hold recognised relevant professional qualification and has recent experience in the locations and segments of the investment properties valued.

Selling and marketing expenses

For the year ended 31 December 2020, the Group's selling and marketing expenses amounted to approximately of RMB102.0 million (2019: RMB63.5 million), representing an increase of approximately 60.6% as compared to that in 2019. The increase was mainly due to addition promotion activities and campaign for brand building during the year ended 31 December 2020.

Administrative expenses

The administrative expenses increased by approximately 45.8% from approximately RMB90.6 million in 2019 to approximately RMB132.1 million in 2020, the increase of administrative expenses was mainly due to the increase of staff costs.

Finance costs — net

Finance costs primarily consisted of (i) interest expenses on borrowings; (ii) interest on pre-sale deposits received and (iii) interest charges on lease liabilities, less interest expenses which were capitalised to the extent that such costs are directly attributable to property development projects. Our finance costs decreased by approximately 85.3% from approximately RMB73.9 million for the year ended 31 December 2019 to approximately RMB10.9 million for the year ended 31 December 2020. Such decrease was mainly due to the increase in interest capitalised into the properties under development for sale for the year ended 31 December 2020.

Income tax expense

Income tax expense mainly comprised of the PRC corporate income tax expense and land appreciation tax arising from our PRC subsidiaries. Income tax expenses slightly increased by approximately 1.0% or RMB2.2 million from approximately RMB226.6 million for the year ended 31 December 2019 to the approximately RMB228.8 million for the year ended 31 December 2020.

Liquidity, financial resources and capital resources

As of 31 December 2020, the cash and cash equivalents amounted to approximately RMB554.5 million (31 December 2019: RMB245.2 million), of which approximately RMB553.7 million (31 December 2019: RMB242.6 million) was denominated in Renminbi and approximately RMB0.8 million (31 December 2019: RMB2.5 million) was denominated in Hong Kong dollars.

As at 31 December 2020, the restricted cash amounted to approximately RMB119.0 million (31 December 2019: RMB115.7 million), all restricted cash was denominated in Renminbi.

The Group's total borrowings amounted to approximately RMB552.0 million as of 31 December 2020 (31 December 2019: RMB1,066.1 million), of which approximately RMB310.6 million was classified as current liabilities (31 December 2019: RMB633.8 million). Approximately 51.7% (31 December 2019: 42.0%) out of the Group's total borrowings was fixed interest rates.

At 31 December 2020 and 2019, the Group's borrowings were repayable as follows:

	As at 31 December 2020			As at 31 December 2019		
	Within 1 year	**Between 1 to 2 years**	**Between 2 to 5 years**	Within 1 year	Between 1 to 2 years	Between 2 to 5 years
	RMB'000	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	**110,000**	**—**	**29,000**	291,000	—	—
Other long-term borrowings	**136,000**	**90,377**	**122,000**	342,752	171,128	261,220
Other current borrowings	**64,640**	**—**	**—**	—	—	—
	310,640	**90,377**	**151,000**	633,752	171,128	261,220

Current, total and net assets

As of 31 December 2020, the Group had current assets of approximately RMB8,183.7 million (31 December 2019: RMB6,266.8 million) and current liabilities of approximately RMB6,702.1 million (31 December 2019: RMB4,831.2 million), there was no material change on net current assets value from approximately RMB1,435.6 million as at 31 December 2019 to approximately RMB1,481.6 million as at 31 December 2020.

As of 31 December 2020, the Group had total assets of approximately RMB8,508.6 million (31 December 2019: RMB6,526.4 million) and total liabilities of approximately RMB6,978.5 million (31 December 2019: RMB5,292.9 million), representing an increase of net assets or total equity from approximately RMB1,233.5 million as at 31 December 2019 to approximately RMB1,530.1 million as at 31 December 2020.

Charge on assets

The Group's borrowings are secured by properties held or under development for sale and property, plant and equipment of the Group.

Contingent liabilities

(a) The Group has provided guarantees to secure obligations of certain purchasers of the Group's properties for repayments. Such guarantees will terminate upon the earlier of (i) the issuance and transfer of the real estate ownership certificate, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

    Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties after the relevant legal procedures. The Group's guarantee period starts from the date of grant of mortgage. The Directors consider that the likelihood of default of payments by the purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) In line with our diversified land acquisition strategies, a subsidiary of the Group obtained the 20% equity interest of a project company (the "**Associate Company**") which hold a parcel of land for development through a bidding process, and remaining 80% equity interests are held by an independent third party (the "**Major Shareholder**"). Based on the investment agreement entered into by the Associate Company, the subsidiary of the Group and the Major Shareholder, the Associate Company has to repay the shareholder loans provided by the Major Shareholder within a specified timeframe after commencement of presale activities. If the Associate

Company fails to return such shareholder loan on time, the subsidiary of the Group is required to provide funding to the Associate Company for the repayment of the shareholder loans. As at 31 December 2020, such shareholder loans of this Associate Company are approximately of RMB218 million.

In addition, pursuant to the investment agreement, the subsidiary of the Group also has to compensate for all losses of the Major Shareholder if the property project is delayed under certain conditions or that the repayment of shareholder loan is delayed beyond certain period stipulated in the investment agreement. As at 31 December 2020, management of the Group considers the risk of providing funding for repayment of shareholder loans or any compensation loss is low as no material delay of the development of such property project occurred.

Key financial ratios:

	For the year ended 31 December	
	2020	2019
Profitability ratios		
Return on assets	**3.8%**	5.0%
Return on equity	**20.5%**	26.1%
Net profit margin	**11.7%**	14.7%

	As of 31 December	
	2020	2019
Liquidity ratio		
Current ratio	**1.2**	1.3
Capital adequacy ratios		
Gearing ratio *(note 1)*	**36.1%**	86.4%
Debt to equity ratio *(note 2)*	**N/A**	66.6%

Note 1: Gearing ratio is our total debts, including bank borrowings, other long-term borrowings and other current borrowings, as a percentage of total equity.

Note 2: Debt to equity ratio is our total debts, minus cash and cash equivalents, as a percentage of total equity.

KEY RISK FACTORS

All of our projects are located in Henan Province, the PRC. Our business continues to be heavily dependent on the performance of the property markets in Xuchang City and Henan Province. These property markets may be affected by local, regional, national and global factors, many of which are beyond our control and could include economic and financial conditions, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital. The selling price per sq.m. and gross profit margins of our properties vary by the type of properties we developed and sold, and affected by various factors including the market demand of the properties located, prevailing local market prices, the cost of properties constructed and sold.

The property market in the cities in which we have operations or plan to expand our operations has been competitive. Our existing and potential competitors include both major national and regional property developers with expansive operations in the cities or markets in which we operate as well as local property developers. We compete with them with respect to a number of factors, including land acquisition, geographic location, management expertise, financial resources, access to transportation infrastructure, size of land reserves, product quality, brand recognition by customers, customer services and support, pricing and design quality. We may seek to further enhance our market presence in these cities amid intense competition.

In addition, our business is also subject to the general social conditions in the regions where we operate and in the PRC in general. Any occurrence of force majeure events, natural disasters or outbreaks of epidemics and pandemics, including those caused by avian influenza, swine influenza, Middle East respiratory syndrome coronavirus or COVID-19 in the regions where we operate or in the PRC in general, which are beyond our control, depending on their scale, may cause different degree of damages to the economy, social conditions, infrastructure and livelihood of the people of the regions we operate or in China in general.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk.

The Group is principally engaged in the property development business in the PRC with almost all transactions denominated in Renminbi. In addition, the majority of the Group's assets and liabilities are denominated in Renminbi. Accordingly, the Group is not exposed to significant foreign currency risk, except for the bank deposits denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management of the Group closely monitors the foreign exchange exposure and will take actions when necessary.

MATERIAL ACQUISITION AND DISPOSAL

Save as disclosed in this announcement, the Group did not have any material acquisition or disposal of subsidiaries, associates or assets during the year ended 31 December 2020.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

The Directors confirmed that as at the date of this announcement, there are no current plans to acquire any material investment or capital assets other than in the Group's ordinary business of property development.

GEARING RATIO

Gearing ratio is our total debts, including bank borrowings, other long-term borrowings and other current borrowings, as a percentage of total equity. As at 31 December 2020, the gearing ratio of the Group was approximately 36.1%, representing decrease of approximately 50.3 percentage points as compared with approximately 86.4% as at 31 December 2019, which was mainly due to: (i) receipt of proceeds from pre-sale and delivery of pre-sold properties; and (ii) repayment of outstanding loans gradually during the year.

TREASURY POLICIES AND CAPITAL STRUCTURE

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio.

HUMAN RESOURCES AND EMPLOYEES' REMUNERATION

Human resource has always been the most valuable resource of the Group. As of 31 December 2020, the Group had a total workforce of 648 employees (31 December 2019: 483). The remuneration policy is reviewed by the Board from time to time. Emoluments of Directors are determined by the remuneration committee of the Company after considering performance of the Group, individual performance and comparing with market conditions. In addition to basic remuneration, the Group also provides medical insurance, social insurance contribution plans or other pension schemes, and other benefits in kind to the employees. The Group adopted five-day week policy applying to our certain back office staff to execute the philosophy of work-life balance.

To intensify personnel training and development, the Group provides a series of employee training programmes, which aims to accelerate professional growth and identify competences and talents of diversified teams. High potential staff are preferred and developed intensively according to the promotion plan towards the management level. In order to attract and retain suitable candidates for business development, the Group adopted the share option scheme as incentive since November 2018.

FORWARD LOOKING

Stepping into 2021, the global economic development is still facing tremendous pressure amidst the grim outlook of the COVID-19 pandemic. However, the Chinese economy is gradually recovering after the COVID-19 outbreak, seeing steady increase in the performance of the real estate market.

The implementation of the overarching regulatory principles of “residential properties are for living, not speculation” and “implementing policies according to urban conditions” extends into 2021. Due to the influence of factors such as the overall tightening credit environment in the industry and the large scale urban redevelopment project, there will be less irrational demand in the market. Three red guidelines have been promulgated by the Ministry of Housing and Urban-Rural Development and the People’s Bank of China. These red guidelines are beneficial to the healthy, mid to long term development of the property market. Despite the continued tightening of financing and stringent leverage regulations on the supply side of the property market, the funds for normal property acquisition by citizens is still safeguarded, as policies ensure that housing needs will remain stable.

2021 is the first year in the 14th five year plan of China. Henan Province, with a population of over 100 million and low urbanization rate, is now leveraging on the advantages brought about by the new developmental layout proposed by the government, and the developmental opportunities arising due to the Rise of Central China* (中部崛起) initiative. There is a large demand for the real estate industry in Henan, which will create more space and opportunities for development for enterprises therein. The speeded up Integration of Zhengzhou and Xuchang* (鄭許一體化) will create advantages for Xuchang City’s development, and as a local brand, we will firmly grasp the market opportunities and policy advantages to steady our corporate culture and contribute to the development of the city.

In 2021, the Group will continue to precisely explore Xuchang based on our principle of brand building, to steadily increase and enhance our market share in Xuchang and other cities, respectively. We will supplement land reserves in Xuchang City in an orderly manner, extensively explore newly introduced regions, and steadily carry out our new project expansion plan.

By continuing to adhere to the principle of "Integrity Management, Fulfilling Every Promise", the Group gains a foothold in the market with our products and services, and strives towards our development goals of targeting extensive exploration and the pursue of excellent and effective operation.

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK6.0 cents (equivalent to approximately RMB5.0 cents) per ordinary share in cash for the year ended 31 December 2020 to shareholders whose names appear on the register of members of the Company on 15 June 2021.

Subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**"), the dividend is expected to be paid on or around 8 July 2021.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on 4 June 2021. For determining the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 1 June 2021 to 4 June 2021, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending and voting at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 31 May 2021.

The proposed final dividend is subject to the approval of the shareholders at the forthcoming Annual General Meeting. The record date for entitlement to the proposed final dividend is 15 June 2021. For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from 10 June 2021 to 15 June 2021, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 9 June 2021.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to the establishment of good corporate practices and procedures. The corporate governance principles of the Company emphasise a quality Board, transparency and accountability to all shareholders of the Company.

Throughout the year ended 31 December 2020, the Group complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Directors confirmed that they have complied with the required standard as set out in the Model Code for the year ended 31 December 2020.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company has reviewed the annual results of the Company for the year ended 31 December 2020.

The unmodified auditor's report on the Company's consolidated financial statements for the year ended 31 December 2020 will be included in the 2020 Annual Report to shareholders.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Company's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Company's 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.

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

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

EVENTS AFTER THE REPORTING PERIOD

In order to acquire a parcel of land in Yanling County, Xuchang Hengda signed an agreement with independent third parties on 18 December 2020, pursuant to which, Xuchang Hengda agreed to buy 51% interests of Yanling Zhengli Real Estate Development Company Limited* (鄢陵縣政里房地產開發有限公司) ("**Yanling Zhengli**") by taking on liabilities of approximately RMB88,023,000 of Yanling Zhengli. Xuchang Hengda repaid the liabilities of Yanling Zhengli of approximately RMB84,900,000 to a third party and recorded it as prepayments of equity acquisition as at 31 December 2020. On 8 January 2021, the procedures of transfer of shares and relevant registration were completed.

Save as the above, there were no significant events after 31 December 2020 and up to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT, ANNUAL REPORT AND CIRCULAR

This annual results announcement is published on the websites of the Company (www.everreachgroup.com) and The Stock Exchange of Hong Kong Limited (www.hkex.com.hk).

The 2020 Annual Report and a circular containing the notice of the forthcoming annual general meeting will be dispatched to shareholders in due course.

GENERAL INFORMATION

This annual results announcement only gives a summary of the information and particulars of the 2020 Annual Report from which the contents of this announcement are derived.

By order of the Board
Ever Reach Group (Holding) Company Limited
Li Xiaobing
Chairman and Executive Director

Hong Kong, 25 March 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Li Xiaobing (Chairman), Mr. Wang Zhenfeng (Chief Executive Officer), Ms. Qi Chunfeng and Mr. Wang Quan; and the independent non-executive Directors of the Company are Mr. Wei Jian, Mr. Fang Cheng and Mr. Lee Kwok Lun.

* *For identification purpose only*