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众安集团
ZHONG AN GROUP

眾安集團有限公司
Zhong An Group Limited

(incorporated in the Cayman Islands with limited liability)

(Stock code: 672)

ANNOUNCEMENT OF RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2020

SUMMARY

- The Group's contracted amount in 2020 was approximately RMB21,944.1 million, representing an increase of approximately 76.5% as compared to that of 2019
- The Group's recognised revenue in 2020 was approximately RMB7,438.9 million, representing an increase of approximately 19.9% as compared to that of 2019
- The Group's profit attributable to the owners of the parent in 2020 was approximately RMB827.9 million, representing an increase of approximately 29.9% as compared to that of 2019
- The basic earnings per share in 2020 was RMB14.6 cents, representing an increase of approximately 32.7% as compared to that of 2019
- As of the end of 2020, the Group's total gearing ratio and net gearing ratio were approximately 72.7% and 83.9% respectively, which had maintained at a reasonable level
- 21 plots of land were acquired in 2020 with a total GFA of approximately 2.33 million sq.m. at an average floor price of approximately RMB8,537 per sq.m., which were located in China's relatively active and developed cities

The board of directors (the “**Board**” or the “**Directors**”) of Zhong An Group Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2020 (the “**year**” or the “**year under review**”), together with the comparative figures for the corresponding year ended 31 December 2019 as below:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000	2019 <i>RMB'000</i>
Revenue	4	7,438,948	6,204,683
Cost of sales		(5,194,014)	(3,415,866)
Gross profit		2,244,934	2,788,817
Other income and gains, net	4	162,617	98,663
Selling and distribution expenses		(322,479)	(272,593)
Administrative expenses		(525,092)	(459,351)
Other expenses		(107,919)	(64,184)
Finance costs	6	(250,089)	(190,382)
Fair value gain upon transfer to investment properties		356,806	50,642
Changes in fair value of investment properties		23,030	(37,503)
Share of profits and losses of:			
Joint ventures		108,824	9,950
Associates		(12,695)	(3,500)
Profit before tax	5	1,677,937	1,920,559
Income tax expense	7	(566,692)	(916,528)
Profit for the year		1,111,245	1,004,031
Attributable to:			
Owners of the parent		827,874	637,144
Non-controlling interests		283,371	366,887
		1,111,245	1,004,031
Earnings per share attributable to ordinary equity holders of the parent	8		
Basic		RMB14.6 cents	RMB11 cents
Diluted		RMB14.6 cents	RMB11 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December 2020*

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit for the year	<u>1,111,245</u>	<u>1,004,031</u>
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	<u>(32,544)</u>	<u>22,450</u>
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	<u>(32,544)</u>	<u>22,450</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	<u>17,200</u>	<u>—</u>
Income tax effect	<u>(4,300)</u>	<u>—</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>12,900</u>	<u>—</u>
Total comprehensive income for the year	<u>1,091,601</u>	<u>1,026,481</u>
Attributable to:		
Owners of the parent	<u>813,563</u>	<u>655,706</u>
Non-controlling interests	<u>278,038</u>	<u>370,775</u>
	<u>1,091,601</u>	<u>1,026,481</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

		2020	2019
	Note	RMB'000	RMB'000
Non-current assets			
Property and equipment		2,607,286	2,578,146
Investment properties		5,359,845	5,358,640
Properties under development		1,411,214	1,376,933
Right-of-use assets		348,223	354,339
Goodwill		98,995	98,995
Other intangible assets		32,522	34,257
Restricted cash		71,389	44,513
Equity investments designated at fair value through other comprehensive income		539,922	476,729
Long term prepayments		1,301,580	1,194,773
Investments in joint ventures		312,236	50,994
Investments in associates		102,603	–
Deferred tax assets		181,073	69,418
Total non-current assets		12,366,888	11,637,737
Current assets			
Completed properties held for sale		2,926,871	3,167,154
Properties under development		17,286,659	8,772,994
Inventories		31,261	34,747
Trade receivables	9	84,717	80,065
Prepayments, other receivables and other assets		2,573,997	1,880,931
Financial assets at fair value through profit or loss		109,618	57,268
Loans to joint ventures		544,886	90,508
Loans to associates		–	116,184
Restricted cash		1,047,767	881,774
Cash and cash equivalents		4,792,545	3,132,577
Investment properties classified as held for sale		54,755	320,500
Total current assets		29,453,076	18,534,702

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2020

		2020	2019
	Note	RMB'000	RMB'000
Current liabilities			
Trade payables	10	1,487,283	1,315,415
Other payables and accruals		1,011,204	1,007,909
Contract liabilities		8,592,628	6,904,246
Lease liabilities		45,434	34,109
Advances from joint ventures		408,703	156,519
Advances from associates		19,600	–
Interest-bearing bank and other borrowings		3,653,485	2,489,530
Tax payable		2,062,459	1,695,443
Total current liabilities		17,280,796	13,603,171
Net current assets		12,172,280	4,931,531
Total assets less current liabilities		24,539,168	16,569,268
Non-current liabilities			
Interest-bearing bank and other borrowings		11,839,944	4,731,245
Deferred tax liabilities		947,932	980,843
Lease liabilities		337,355	336,494
Total non-current liabilities		13,125,231	6,048,582
Net assets		11,413,937	10,520,686
Equity			
Equity attributable to owners of the parent			
Share capital		498,653	506,181
Reserves		8,629,393	7,930,112
		9,128,046	8,436,293
Non-controlling interests		2,285,891	2,084,393
Total equity		11,413,937	10,520,686

NOTES TO FINANCIAL STATEMENTS

1. GENERAL

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

2. ACCOUNTING POLICIES

2.1 Changes in accounting policies and disclosures

The Group has adopted the *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year’s financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The adoption of the *Conceptual Framework for Financial Reporting 2018* and the above revised IFRSs do not have any material impact on the Group’s financial statements.

2.2 Issued but not yet effective International Financial Reporting Standards

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	<i>Reference to the Conceptual Framework</i> ³
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	<i>Interest Rate Benchmark Reform – Phase 2</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁵
IFRS 17	<i>Insurance Contracts</i> ⁴
Amendments to IFRS 17	<i>Insurance Contracts</i> ^{4,6}
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> ⁴
Amendments to IAS 1	<i>Disclosure of Accounting Policies</i> ⁴
Amendments to IAS 16	<i>Property, Plant and Equipment: Proceeds before Intended Use</i> ³
Amendment to IFRS 16	<i>Covid-19-Related Rent Concessions</i> ¹
Amendments to IAS 37	<i>Onerous Contracts – Cost of Fulfilling a Contract</i> ³
Amendments to IAS 8	<i>Definition of Accounting Estimates</i> ⁴
Annual Improvements to IFRS Standards 2018-2020	<i>Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41</i> ³

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ No mandatory effective date yet determined but available for adoption

⁶ As a consequence of the amendments to IFRS 17 issued in June 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that, these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on income derived from business and has two reportable operating segments as follows:

- (a) the residential segment develops and sells residential properties, and provides property management services, project management services and other services to residential properties in Mainland China and Canada;

- (b) the commercial segment develops and sells commercial properties, leases investment properties, owns and operates hotels and provides property management services, project management services and other services to commercial properties in Mainland China, Japan and United Kingdom.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of profit/loss before tax from continuing operations. Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended 31 December 2020	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	6,738,578	700,370	7,438,948
Intersegment sales	5,882	–	5,882
Sales to external customers	6,744,460	700,370	7,444,830
<u>Reconciliation:</u>			
Elimination of intersegment sales			(5,882)
Revenue from continuing operations			<u>7,438,948</u>
Segment results	1,569,093	108,844	1,677,937
Segment assets	27,250,018	15,175,856	42,425,874
<u>Reconciliation:</u>			
Elimination of intersegment receivables			(605,910)
Total assets	26,644,108	15,175,856	<u>41,819,964</u>
Segment liabilities	22,317,558	9,098,438	31,415,996
<u>Reconciliation:</u>			
Elimination of intersegment payables			(1,009,969)
Total liabilities	21,307,589	9,098,438	<u>30,406,027</u>
Other segment information:			
Share of (profits) and losses of:			
Associates	12,695	–	12,695
Joint ventures	(108,824)	–	(108,824)
Realisation of completed properties held for sale to net realisable value	(571)	–	(571)
Investments in joint ventures	312,236	–	312,236
Depreciation and amortisation	20,943	142,137	163,080
Investments in associates	102,603	–	102,603
Capital expenditure	9,219	62,306	71,525

Year ended 31 December 2019	Residential RMB'000	Commercial RMB'000	Total RMB'000
Segment revenue			
Sales to external customers	4,248,830	1,955,853	6,204,683
Intersegment sales	11,833	–	11,833
Sales to external customers	4,260,663	1,955,853	6,216,516
<u>Reconciliation:</u>			
Elimination of intersegment sales			(11,833)
Revenue from continuing operations			6,204,683
Segment results	1,540,431	380,128	1,920,559
Segment assets	16,375,424	14,508,724	30,884,148
<u>Reconciliation:</u>			
Elimination of intersegment receivables			(711,709)
Total assets	15,663,715	14,508,724	30,172,439
Segment liabilities	12,344,839	8,367,189	20,712,028
<u>Reconciliation:</u>			
Elimination of intersegment payables			(1,060,275)
Total liabilities	11,284,564	8,367,189	19,651,753
Other segment information:			
Share of (profits) and losses of:			
Associates	3,500	–	3,500
Joint ventures	(9,950)	–	(9,950)
Reversal of and realisation of completed properties held for sale to net realisable value	(27,664)	–	(27,664)
Investments in joint ventures	50,994	–	50,994
Depreciation and amortisation	17,179	120,252	137,431
Capital expenditure	78,154	111,235	189,389

Geographical information

(a) Revenue from external customers

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Mainland China	7,404,996	6,194,740
Others	33,952	9,943
	<u>7,438,948</u>	<u>6,204,683</u>

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Mainland China	11,380,134	10,770,796
Japan	91,780	91,057
Others	173,979	178,743
	<u>11,645,893</u>	<u>11,040,596</u>

The non-current assets information above is based on the locations of the assets and excludes equity investments designated at fair value through other comprehensive income and deferred tax assets.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>	7,294,103	5,998,751
<i>Revenue from other sources</i>		
Gross rental income from investment property operating leases	144,845	205,932
	<u>7,438,948</u>	<u>6,204,683</u>

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2020

Segments	Property development <i>RMB'000</i>	Property management and other services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	6,750,134	–	–	6,750,134
Hotel operation services	–	–	182,516	182,516
Property management and other services	–	361,453	–	361,453
Total revenue from contracts with customers	<u>6,750,134</u>	<u>361,453</u>	<u>182,516</u>	<u>7,294,103</u>
Timing of revenue recognition				
At a point in time	6,750,134	–	182,516	6,932,650
Over time	–	361,453	–	361,453
Total revenue from contracts with customers	<u>6,750,134</u>	<u>361,453</u>	<u>182,516</u>	<u>7,294,103</u>

For the year ended 31 December 2019

Segments	Property development <i>RMB'000</i>	Property management and other services <i>RMB'000</i>	Hotel operations <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services				
Sale of properties	5,611,609	–	–	5,611,609
Hotel operation services	–	–	141,270	141,270
Property management and other services	–	245,872	–	245,872
Total revenue from contracts with customers	<u>5,611,609</u>	<u>245,872</u>	<u>141,270</u>	<u>5,998,751</u>
Timing of revenue recognition				
At a point in time	5,611,609	–	141,270	5,752,879
Over time	–	245,872	–	245,872
Total revenue from contracts with customers	<u>5,611,609</u>	<u>245,872</u>	<u>141,270</u>	<u>5,998,751</u>

Revenue from the sale of properties recognised that was included in contract liabilities at the beginning of the reporting period was amounted to RMB5,066,536,000 (2019: RMB3,037,761,000).

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Other income		
Bank interest income	39,883	50,647
Subsidy income*	7,829	1,727
Others	<u>16,033</u>	<u>13,739</u>
	<u>63,745</u>	<u>66,113</u>
Gains		
Gain on disposal of a subsidiary	84,937	–
Foreign exchange gain	–	538
Changes in fair value of financial assets at fair value through profit or loss	13,935	31,561
Gain on fair value re-measurement of existing equity in business combination not under common control	<u>–</u>	<u>451</u>
	<u>98,872</u>	<u>32,550</u>
	<u>162,617</u>	<u>98,663</u>

* There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT BEFORE TAX

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Cost of properties sold	4,796,052	2,988,483
Depreciation of property and equipment	109,742	83,383
Depreciation of right-of-use assets	51,603	53,615
Amortisation of other intangible assets	1,735	433
Lease payments not included in the measurement of lease liabilities	45,078	34,311
Auditor's remuneration	4,800	4,120
Staff costs including directors' and chief executive's remuneration:		
– Salaries and other staff costs	367,031	281,722
– Pension scheme contributions	23,950	32,827
Foreign exchange differences, net	12,774	(538)
Direct operating expenses (including repairs and maintenance arising on investment properties)	5,414	5,345
Loss on disposal of investment properties	36,322	1,427
Gains on fair value re-measurement of existing equity in business combination not under common control	–	(451)
Gain on disposal of a subsidiary	84,937	–
Fair value (gains)/losses, net:		
Changes upon transfer to investment properties	(356,806)	(50,642)
Changes in fair value of investment properties	(23,030)	37,503
Changes in fair value of financial assets at fair value through profit or loss	(13,935)	(31,561)
Reversal of and realisation of completed properties held for sale to net realisable value	(571)	(27,664)
	<u><u>(571)</u></u>	<u><u>(27,664)</u></u>

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank and other borrowings	697,118	375,528
Interest on lease liabilities	16,344	16,984
Total interest expense on financial liabilities not at fair value through profit or loss	713,462	392,512
Less: Interest capitalised in properties under development	(463,373)	(202,130)
	<u><u>250,089</u></u>	<u><u>190,382</u></u>

7. INCOME TAX

The Group's subsidiaries incorporated in Hong Kong, Canada and United Kingdom are not liable for income tax as they did not have any assessable profits arising in Hong Kong, Canada and United Kingdom during the year (2019: Nil).

The provision for the People's Republic of China (the "PRC") income tax has been provided at the applicable income tax rate of 25% (2019: 25%) on the assessable profits of the Group's subsidiaries in Mainland China.

Land Appreciation Tax (the "LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. Prior to the actual cash settlement of the LAT liabilities, the LAT liabilities are subject to the final review/approval by the tax authorities.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current – PRC corporate income tax for the year	478,582	477,063
Current – PRC LAT for the year	236,976	476,678
Deferred	<u>(148,866)</u>	<u>(37,213)</u>
Total tax charge for the year	<u><u>566,692</u></u>	<u><u>916,528</u></u>

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

The calculation of basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the parent of RMB827,874,000 (2019: RMB637,144,000) and the weighted average number of ordinary shares of 5,654,833,497 (2019: 5,777,812,348) in the issue of shares and the exercise of share options during the year, as adjusted to reflect the shares repurchased during the year.

The calculation of basic earnings per share is based on:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent	<u><u>827,874</u></u>	<u><u>637,144</u></u>
	Number of shares	
	2020	2019
Shares		
Weighted average number of ordinary shares in issue during the year	<u><u>5,654,833,497</u></u>	<u><u>5,777,812,348</u></u>

No adjustment has been made to the basic profit per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potential dilutive ordinary shares in issue during the year ended 31 December 2020 (2019: Nil).

9. TRADE RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to various diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing and unsecured.

An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2020 RMB'000	2019 RMB'000
Within one month	45,469	46,118
Over one month but within three months	36,897	29,698
Over three months but within one year	2,351	4,249
	84,717	80,065

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. For the sale of properties, rentals under operating leases and provision of property management services, hotel operation businesses and other business of the Group, management has assessed that the expected credit loss rate for trade receivables is minimal as at 31 December 2020 and 31 December 2019. In the opinion of the directors of the Company, the Group's trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

10. TRADE PAYABLES

An ageing analysis of the Group's trade payables as at the end of the reporting period, based on the payment due dates, is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within six months	1,332,994	998,760
Over six months but within one year	99,063	259,544
Over one year	<u>55,226</u>	<u>57,111</u>
	<u>1,487,283</u>	<u>1,315,415</u>

The above balances are unsecured and interest-free and are normally settled based on the progress of construction.

11. DIVIDENDS

On 11 June 2020, the Company's shareholders approved at annual general meeting the distribution of a final dividend of HK\$0.02 (inclusive of tax) per share to shareholders whose names appear on the register of members of the Company on 19 June 2020, in an aggregate amount of RMB103,704,000 (inclusive of tax), and which was paid to the shareholders of the Company on 15 July 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

Results

The consolidated revenue of the Group in 2020 was RMB7,438.9 million, representing an increase of approximately 19.9% from that of 2019. The gross profit in 2020 was RMB2,244.9 million, representing a decrease of approximately 19.5% from that of 2019. The profit attributable to owners of the parent in 2020 was about RMB827.9 million, representing an increase of approximately 29.9% from that of 2019. The basic earnings per share in 2020 was RMB0.15 (2019: RMB0.11).

Industry Review

According to the National Bureau of Statistics of the PRC, in 2020, the gross domestic product (“GDP”) of China amounted to RMB101,598.6 billion, representing an increase of 2.3% as compared with that of 2019, based on comparable prices. The GDP of China has surpassed RMB10 trillion, which means that the economic, scientific and technological strength and overall national strength of China have reached a new level. It is of great symbolic significance for China to complete the building of a moderately prosperous society in all respects and to embark on a new journey of building a modern socialist country in all respects.

In 2020, the nationwide investment in property development amounted to RMB14,144.3 billion, representing a growth of 7.0% as compared with that of 2019. Among which, residential investment amounted to RMB10,444.6 billion, representing a growth of 7.6%. In 2020, the gross floor area (“GFA”) of commodity properties sold was 1,760.86 million sq.m., representing a growth of 2.6% as compared with that of 2019. Among which, the growth of GFA of residential properties sold was 3.2%, while the decline of GFA of office buildings sold and commercial business properties sold were 10.4% and 8.7% respectively. The sales of commodity properties amounted to RMB17,361.3 billion, representing a growth of 8.7%. Among which, the growth of sales of residential properties was 10.8%, while the decline of sales of office buildings and commercial business properties were 5.3% and 11.2% respectively.

In 2020, the land area purchased by property development enterprises was 255.36 million sq.m., representing a decline of 1.1% as compared with that of last year; the premium of the land transaction amounted to RMB1,726.9 billion, representing a growth of 17.4% as compared with that of last year. The area under construction by property development enterprises was 9,267.59 million sq.m., representing a growth of 3.7% as compared with that of last year. Among which, the area under construction for residential properties was 6,555.58 million sq.m., representing a growth of 4.4%. The area of newly commenced properties was 2,244.33 million sq.m., representing a decline of 1.2% as compared with that of last year. Among which, the area of newly commenced residential properties was 1,643.29 million sq.m., representing a decline of 1.9% as compared with that of last year. The completed construction area of properties

was 912.18 million sq.m., representing a decline of 4.9% as compared with that of last year. Among which, the completed construction area of residential properties was 659.10 million sq.m., representing a decline of 3.1% as compared with that of last year. At the end of 2020, the area of commodity properties pending for sale was 498.50 million sq.m., representing an increase of 5.63 million sq.m. as compared with the end of November 2020 and also representing an increase of 0.29 million sq.m. as compared with the end of last year. Among which, as compared with the end of November 2020, the area of residential properties pending for sale increased by 3.12 million sq.m., the area of office buildings pending for sale increased by 0.33 million sq.m. and the area of commercial business properties pending for sale decreased by 0.1 million sq.m..

Business Review

The recognised revenue of properties delivered by the Group in 2020 was about RMB6,750.1 million (2019: RMB5,611.6 million), representing an increase of about 20.3% as compared to that of 2019 which was due to the increase in the GFA of the properties delivered by the Group in the year under review.

The GFA of properties sold and delivered by the Group in 2020 was about 552,737 sq.m. (2019: 397,627 sq.m.), representing an increase of about 39.0% as compared to that of 2019.

The recognised average selling price per sq.m. achieved by the Group in 2020 was about RMB12,212.1, representing a decrease of about 13.5% from RMB14,112.7 in the previous year. It is due to the decrease of average selling price of the properties delivered by the Group in the year under review.

During the year under review, the total recognised GFA sold for the major projects of the Group and the respective recognised revenue are as follows:

Projects	City	Recognised GFA <i>sq.m</i>	Recognised GFA <i>RMB million</i>	% of interest attributable to the Group
Landscape Bay	Hangzhou	3,610	35.6	92.6%
International Office Centre (IOC) A3	Hangzhou	623	42.9	63.9%
White Horse Mansion	Hangzhou	865	21.6	90.0%
White Horse Manor	Hangzhou	1,728	32.1	90.0%
Ideal Bay	Hangzhou	7,312	70.6	45.9%
Chaoyang Yinzuo	Hangzhou	2,086	19.4	57.5%
College Square	Hangzhou	4,705	58.5	90.0%
Xixi Future Square	Hangzhou	216	8.0	90.0%
Xixi New City	Hangzhou	1,246	47.0	63.9%
Others	Hangzhou	283	2.6	90.0%
Cixi Landscape Garden	Cixi	58,271	393.3	90.0%
Dragon Bay	Yuyao	2,266	73.5	90.0%
Jade Mansion	Yuyao	16,088	333.0	93.0%
Zhong An Times Square Phase II	Yuyao	11,314	95.9	59.4%
Zhong An Times Square Phase I	Yuyao	5,220	37.0	57.5%
Typha Lotus Garden	Yiwu	142,890	2,338.6	58.5%
Comphor Tree Bay	Lishui	165,705	2,347.0	90.0%
Vancouver City	Huaibei	128,309	793.5	100.0%
		<u>552,737</u>	<u>6,750.1</u>	

The average cost of properties sold per sq.m. of the Group was about RMB8,676.9 in 2020, representing an increase of about 15.4% from RMB7,517 in the previous year. It was due to the higher development cost of relevant projects recognised for sale during the year under review.

Progress of development on the major projects

Hangzhou, Zhejiang Province

Lotus Mansion (Zhong An Palace)

It is located in comprehensive transportation hub of South Railway Station, Xiaoshan District, Hangzhou. It consists of high-rise, medium-rise and multi-storey buildings with a total floor area of approximately 45,333 sq.m. and an estimated total GFA of approximately 99,732 sq.m., and is for residential use. The project has commenced construction in the third quarter of 2020 and started the pre-sale in the fourth quarter of 2020. The volume of pre-sales of the project during the year under review was within expectation.

Shunyuan Mansion (Hangzhou Fuyang Project)

It is located in the Yinhu plot of Fuyang District, Hangzhou, It consists of high-rise, small high-rise and shops with a total floor area of approximately 54,493 sq.m. and an estimated total GFA of approximately 130,783 sq.m., and is for residential use. The project has commenced construction in the third quarter of 2020 and started the pre-sale in the third quarter of 2020. The volume of pre-sales of the project during the year under review was within expectation.

Fashion Color City

It is located in Xinjie Village, Xiaoshan District, Hangzhou, It consists of hardcover loft apartments, large flat floor apartments and shops, with a total floor area of approximately 26,087 sq.m. and an estimated total GFA of approximately 78,261 sq.m., and is for commercial use. The project has commenced construction in the third quarter of 2020 and started the pre-sale in the fourth quarter of 2020. The volume of pre-sales of the project during the year under review was within expectation.

Cloud Land

It is located in Yuhang District, Hangzhou City of Future Science and Technology, Hangzhou. It consists of multi-storey buildings, with a total floor area of approximately 46,737 sq.m. and an estimated total GFA of approximately 74,779 sq.m., and is for residential use. The project is expected to commence construction in the first quarter of 2021 and start the pre-sale in the second quarter of 2021.

Hidden Dragon Bay

This is an integrated commercial complex in Wenyan Town, Xiaoshan District, Hangzhou, with a total GFA of 241,695 sq.m.. The project includes low-rise luxurious leisure mansions for corporations, high-rise serviced apartments (SOHO), street shops and car parking lots. The project was completed in April 2013.

International Office Centre (the “IOC”)

IOC is a large-scale integrated commercial complex located in Qianjiang Century City (錢江世紀城), Xiaoshan District, Hangzhou, and comprising serviced apartments, shopping malls and offices. The total site area of Plot A is 92,610 sq.m. and planned total GFA is 798,795 sq.m.. The project is constructed in three phases, consists of Plots A1, A2 and A3. Among which, Plot A3 was completed in 2015, comprising serviced apartments, shops and underground car parking spaces with a total GFA of approximately 327,996 sq.m.. The construction of Plot A2 has commenced in 2018 with a total GFA of approximately 263,555 sq.m.. The project started the pre-sales in the third quarter of 2020.

White Horse Manor

This is a residential project in Xiaoheshan, Yuhang District, Hangzhou with a total GFA of about 243,497 sq.m.. It consists of high-rise residential buildings and low-density residential townhouses situated at a hilly terrain with beautiful scenery and green vegetation. The townhouse units are built with American architectural design and on the terrain with spacious view. The project is in proximity to local universities and Xixi Wetland. The entire project was completed in December 2015. So far, it is sold out apart from some car parking lots and a few housings.

Hangzhou Qiandao Lake Bright Resort Hotel

This is a hotel project in Qiandaohu Town, Chunan County, Hangzhou with a GFA of about 46,691 sq.m.. This hotel is built at the shore of Qiandao Lake with a beautiful lake view and natural habitat. Blocks A, B and C which are located in the hotel area are opened in April 2017.

Xixi New City

It is located in Jiangcun Unit, Xihu District, Hangzhou and is in proximity to Xixi Wetland. The total site area of the project is 39,703 sq.m. and the total GFA is 83,391 sq.m.. The construction of the project commenced in May 2017, which will become an integrated commercial complex comprising offices, serviced apartments and shops. It was completed in 2019. So far, except for the serviced apartment portion which are not for sale, the remaining housings are basically sold out.

Xixi Future Square (Royal Bay)

Xixi Future Square (Royal Bay) is located at Xian Lin Street, Yuhang District, Hangzhou and consists of residential and commercial parcels, with a total GFA of about 109,782 sq.m., among which, the GFA of housing inventory of 16,788 sq.m.. The project consists of multi-storey, small high-rise and high-rise buildings as well as townhouses, and is surrounded by well-developed community facilities. The project is constructed in three phases: Plot E, Plot C and Plot F, the total GFA of about 92,994 sq.m., and commenced construction in 2019. Plot E was opened for sale in the fourth quarter of 2020. Plots C and F started pre-sales in the second quarter of 2020. It is expected to be completed by the end of 2021. The volume of pre-sales of the project during the year under review was within expectation.

Tuankou Fenghuangshan Hotspring Hotel

This is a hotel project located in Tuankou Town, Lin'an District, Hangzhou with a total GFA of approximately 63,502 sq.m..

Nan Hu Ming Yue

It is located in Yuhang District, Hangzhou and consists of high-rise blocks, He Yuan and commercial areas with a total GFA of approximately 406,664 sq.m.. The project commenced construction in April 2019 and started the pre-sale in the third quarter of 2019. It is expected to be completed by the end of 2021. The volume of pre-sales of the project during the year under review was within expectation.

Yuyao, Zhejiang Province

Zhong An Times Square

This is a large-scale integrated commercial project in Yuyao, with a total GFA of about 628,385 sq.m. in 2 phases. It is next to the Dragon Bay and the Jade Mansion, which are projects spanning along a river. The project consists of 2 phases. Phase I includes a shopping mall (Zhong An Square), a boutique hotel and two serviced apartments (SOHO) and underground office buildings car parking spaces, while Phase II includes a hotel, a Grade A office tower and six high-rise serviced apartment buildings, underground car parking spaces and shops. Phase II of this project was completed in September 2016 and Phase I was completed in 2018. The volume of sales of the project during the year under review was within expectation. The Ningbo Bright Hotel (寧波伯瑞特酒店), with a GFA of about 72,139 sq.m., was put into business in October 2019. So far, it is sold out apart from some car parking lots and a few housings.

Cixi, Zhejiang Province

Cixi Zhong An Landscape Garden

This is a residential property project in Cixi. The total site area is about 197,655 sq.m.. The residential project includes the commercial portion for providing supporting services to local residents, with a total GFA of about 510,125 sq.m., consisting of multi-storey apartments which is constructed in six phases. So far, the residential part is sold out apart from some car parking lots and a few housings. Commercial Phase I, with a total GFA of about 28,158 sq.m., commenced construction in July 2019. Commercial Phase II, with an estimated total GFA of about 72,000 sq.m., and is expected to commence in the first quarter in 2021.

Lishui, Zhejiang Province

Comphor Tree Bay

It is a rare modern Chinese-style real estate with quality living environment located in Luwan Village, Lishui. It consists of small buildings and stores with a total GFA of 286,769 sq.m.. The project commenced in September 2018 and the pre-sale started in November 2018, and completed in the fourth quarter in 2020. The volume of sales of the project during the year under review was within expectation.

Yiwu, Zhejiang Province

Xiuhu Lotus Gardon

It is located in the West Plot of Hutang, Yiwu. It is mainly composed of courtyards, with a total floor area of approximately 49,428 sq.m., and an estimated total GFA of approximately 52,214 sq.m., and is for residential use. The project is expected to commence construction in the first quarter in 2021 with the pre-sales to start in the second quarter in 2021.

Typha Lotus Garden

It is a residential and commercial project located in Lugang Logistics Park in Yiwu with a total GFA of about 282,505 sq.m.. The project commenced construction in April 2019 and the pre-sales started in June 2019. It is completed in the fourth quarter in 2020. The volume of sales of the project during the year under review was within expectation.

Wenzhou, Zhejiang Province

Shunyuan Mansion (Grape Shed Project)

It is located in the core area of Wenzhou, it consists of fine decoration high-rise buildings, with a total floor area of approximately 30,236 sq.m. and an estimated total GFA of approximately 84,963 sq.m., and is for residential use. The project commenced construction in the second quarter in 2020, and started the pre-sale in the third quarter in 2020.

Shaoxing, Zhejiang Province

Guyue Mansion

It is located in the west of the main urban area of Shaoxing, and is composed of courtyards and shops, with a total floor area of approximately 43,412 sq.m. and an estimated total GFA of approximately 52,528 sq.m., and is for residential use. The project commenced construction in the third quarter in 2020, and is expected to start the pre-sale in the first quarter in 2021.

Zhoushan, Zhejiang Province

Ruyi Mansion

It is located in Putuo District, Zhoushan, and is composed of small high-rise buildings and shops, with a total floor area of approximately 22,484 sq.m. and an estimated total GFA of approximately 44,968 sq.m., and is for residential use. The project commenced construction in the third quarter in 2020, and started the pre-sale in the fourth quarter in 2020.

Taizhou, Zhejiang Province

Heyuan Mansion

It is located in the Evergrande East Plot of Hongjia Street, Jiaojiang District, Taizhou, and is composed of high-rise and small high-rise buildings, with a total floor area of approximately 39,742 sq.m. and an estimated total GFA of approximately 86,838 sq.m., and is for residential use. The project commenced construction in the fourth quarter in 2020, and started the pre-sale in the fourth quarter in 2020.

Future City

It is located in Taizhou High-tech Zone, and is composed of high-rise buildings, with a total floor area of approximately 122,354 sq.m. and an estimated total GFA of approximately 283,088 sq.m., and is for residential use. The project commenced construction in the fourth quarter in 2020, and is expected to start the pre-sale in the first quarter in 2021.

Hefei, Anhui Province

Green Harbour

It is a low-density residential project in Guanzhen Village, Hefei, Anhui Province, with the completion of blocks A1, C1, C2 and F1 in the previous years. So far, it is sold out apart from some car parking lots and a few shops.

Huaibei, Anhui Province

Vancouver City

This is a low-density residential project in Huaibei, Anhui Province, which includes townhouses, multi-storey apartments and shopping units. The project is developed in phases, and its sale and pre-sale during the year under review were within expectation. The Huaibei Bright Hotel (淮北伯瑞特酒店), with a GFA of about 67,061 sq.m., was put into business in September 2017. The GFA of Phase III north project is approximately 170,000 sq.m., and the project commenced construction in 2017 and was completed in the first quarter of 2019; the GFA of Phase IV south project is approximately 120,000 sq.m., and it commenced construction in July 2018 and completed in the third quarter in 2020.

Xuzhou, Jiangsu Province

Xuzhou New City

It is located in the City Commercial Plaza in Xuzhou, Jiangsu Province with a majority of serviced apartments and stores. Its total GFA is 562,371 sq.m.. It will be constructed in three phases.

Nanjing, Jiangsu Province

Future City

It is located in Gaochun District Development Zone, Nanjing, Jiangsu Province, and is composed of high-rise and multi-storey buildings, with a total floor area of approximately 67,085 sq.m. and an estimated total GFA of approximately 154,297 sq.m., and is for residential use. The project commenced construction in the third quarter in 2020, and is expected to start the pre-sale in the second quarter in 2021.

Wuxi, Jiangsu Province

Jiangyin Project

It is located in Yangjia Village, Jiangyin, Wuxi, Jiangsu Province, and is composed of high-rise and multi-storey buildings, with a total floor area of approximately 29,952 sq.m. and an estimated total GFA of approximately 47,923 sq.m., and is for residential use. The project commenced construction in the fourth quarter in 2020, and is expected to start the pre-sale in the second quarter in 2021.

Qingdao, Shandong Province

Qingdao New City

It is located in Hetao District, Hongdao Economic Zone, Qingdao City, mainly consisting of high-rise residential buildings, apartments, offices and stores with a total floor area of 51,376 sq.m. and an estimated total GFA of approximately 111,483 sq.m.. Among which, the building plan area of the residential plot is 53,254 sq.m. and the pre-sales started in the fourth quarter of 2019.

Future City (Residential)

It is located in Huangdao District, Qingdao, with a total floor area of approximately 58,596 sq.m. and an estimated total GFA of approximately 158,209 sq.m., and is for residential use. The project is expected to commence construction in the third quarter in 2021.

Future City (Commercial)

It is located in Huangdao District, Qingdao, with a total floor area of approximately 26,486 sq.m. and an estimated total GFA of approximately 39,729 sq.m., and is for commercial use. The project is expected to commence construction in the third quarter in 2021.

Kunming, Yunnan Province

Yunxing Imperial Palace

It is located in the plot of Yongshan Street Office, Xishan District, Kunming, and mainly consists of high-rise residential buildings, apartments and stores with a total floor area of 37,024 sq.m. and an estimated total GFA of approximately 283,932 sq.m. The project commenced construction in the second quarter in 2020.

Overseas

Amber Rise

This project is in Vancouver, Province of British Columbia, Canada with a total GFA of about 7,719 sq.m.. The site is located in wealthy district with about 20 minutes drive to the downtown of Vancouver City. A total of 12 townhouses with individual swimming pools and deluxe design will be built in 3 phases. The construction was commenced in 2016, and the construction of 3 independent houses has been completed.

Contracted sales in 2020

As at 31 December 2020, the contracted GFA sold by the Group was about 1,099,215 sq.m. (2019: 773,393 sq.m.) with the contracted amount of about RMB21,944.1 million (2019: RMB12,432.4 million), representing a year-to-year increase of approximately 76.5%. Set out below are the details of the contracted sales from the major projects:

Projects	City	Contracted GFA sold (sq.m.)	Contracted amount (RMB million)	% of interest attributable to the Group
Zhejiang Province				
White Horse Mansion	Hangzhou	283	2.8	90.0%
Landscape Bay	Hangzhou	3,329	34.9	92.6%
Ideal Bay	Hangzhou	4,809	53.8	45.9%
College Square	Hangzhou	3,011	32.7	90.0%
Chaoyang Yinzuo	Hangzhou	1,960	19.7	57.5%
White Horse Manor	Hangzhou	730	17.5	90.0%
Nan Hu Ming Yu	Hangzhou	159,905	4,607.5	59.9%
Xixi Future Square	Hangzhou	20,488	756.2	90.0%
Lotus Mansion	Hangzhou	19,086	604.1	90.0%
Shunyuan Mansion	Hangzhou	38,189	806.2	90.0%
Fashion Color City	Hangzhou	1,707	45.6	57.5%
International Office Centre (IOC)A3	Hangzhou	16,982	645.5	63.9%

Projects	City	Contracted GFA sold (sq.m.)	Contracted amount (RMB million)	% of interest attributable to the Group
International Office Centre (IOC)A2	Hangzhou	2,950	139.2	63.9%
Highlong Plaza	Hangzhou	306	4.5	57.5%
Majestic Mansion	Hangzhou	54,833	871.7	18.0%
Lin Qi Yun Fu	Hangzhou	16,336	359.4	22.5%
Chenhan Mansion	Hangzhou	35,417	814.7	22.5%
Xinnongdu	Hangzhou	14,620	185.6	24.4%
Xixi Manhattan	Hangzhou	43	1.1	63.9%
Jade Mansion	Yuyao	566	19.0	93.0%
Zhong An Times Square Phase I	Yuyao	4,477	34.3	57.5%
Zhong An Times Square Phase II	Yuyao	13,566	115.8	59.4%
Cixi Zhong An Landscape Garden	Cixi	172	1.2	90.0%
Binhai Commercial Plaza	Cixi	4,325	51.6	57.5%
Ruyi Mansion	Zhoushan	1,611	21.8	90.0%
Comphor Tree Bay	Lishui	50,706	705.5	90.0%
Ideal Era Home	Lishui	159,368	1,854.9	13.5%
Jiang Lin Mansion	Lishui	18,933	389.4	31.5%
Typha Lotus Garden	Yiwu	106,734	1,992.5	58.5%
Baolong House	Yiwu	57,252	1,046.2	31.5%
Wenzhou Shunyuan Mansion	Wenzhou	10,200	286.1	90.0%
Casa Banyan	Wenzhou	99,472	2,121.2	21.6%
Glory One	Wenzhou	99,271	1,976.7	22.5%
Heyuan Mansion	Taizhou	2,984	44.6	90.0%
Beilun Shunyuan Mansion	Ningbo	40,488	945.1	44.1%
	Anhui Province			
Vancouver City	Huaipei	16,143	145.3	100.0%
	Shandong Province			
Qingdao New City	Qingdao	17,964	190.2	100.0%
		<u>1,099,215</u>	<u>21,944.1</u>	

Land bank

In 2020, the Group acquired a total of 21 new projects with a total GFA of approximately 2.33 million sq.m.. The average land cost of the new land parcels, GFA was approximately RMB8,537 per sq.m..

No.	Projects	City	acquired by	Land cost (RMB million)	Site Area (sq.m.)	Total GFA (sq.m.)	% of interest attributable to the Group
1	Shunyuan Mansion	Wenzhou	Auction	1,123	30,236	84,963	90.0%
2	Shunyuan Mansion	Hangzhou	Auction	997	54,493	130,783	90.0%
3	Glory One	Wenzhou	Auction	1,104	49,508	150,527	22.5%
4	Shunyuan Mansion	Ningbo	Auction	984	36,230	79,706	44.1%
5	Guyue Mansion	Shaoxing	Auction	1,133	43,412	52,528	90.0%
6	Ideal Era Home	Lishui	Auction	801	79,247	222,313	13.5%
7	Fashion Color City	Hangzhou	Auction	230	26,087	78,261	57.5%
8	Ruyi Mansion	Zhoushan	Auction	242	22,484	44,968	90.0%
9	Jiang Lin Mansion	Lishui	Auction	794	33,226	59,807	31.5%
10	Chenhan Mansion	Hangzhou	Auction	1,313	60,074	138,170	22.5%
11	Heyuan Mansion	Taizhou	Auction	611	39,742	86,838	90.0%
12	Future City	Taizhou	Auction	1,860	122,354	283,088	90.0%
13	Yunqiling	Hangzhou	Auction	492	69,357	76,293	36.0%
14	Future City	Nanjing	Auction	413	67,086	154,297	90.0%
15	New Gulin	Ningbo	Auction	1,875	106,924	218,017	13.5%
16	Xiuhu Lotus Garden	Yiwu	Auction	1,620	49,428	52,214	58.5%
17	Chaoming	Yiwu	Auction	1,561	41,410	99,384	31.5%
18	Jiangyin Project	Wuxi	Auction	318	29,952	47,923	90.0%
19	Cloud Land	Hangzhou	Auction	2,090	46,737	74,779	90.0%
20	Future City (Residential)	Qingdao	Auction	266	58,596	158,209	90.0%
21	Future City (Commercial)	Qingdao	Auction	88	26,486	39,729	90.0%
				<u>19,915</u>	<u>1,093,069</u>	<u>2,332,797</u>	

As at 31 December 2020, the total GFA of the Group's land bank was about 9.35 million sq.m., out of which the total unsold or undelivered GFA of the completed property projects was about 1.82 million sq.m.. As at 31 December 2020, the average acquisition cost of the Group's overall land bank was about RMB2,752 per sq.m..

During the year under review, the GFA of the properties of which the construction was newly commenced by the Group was about 1,889,987 sq.m..

OTHER BUSINESS DEVELOPMENT

The businesses of the Group are diversifying which provides the basis for securing more stable income in the future and diversification of investment risks. The Group will steadily promote an asset-light business model and gradually broaden the scope of property services and business operation which includes hotel operation, commercial leasing, office building management and property services, and will continue to adopt new business models and types such as the promotion of development of new agricultural and healthcare industries at the same time, so as to enhance the upstream and downstream business linkage and synergetic development of our property business and to maintain a trend of sustainable development.

Hotel operation

There are four hotels currently under operation, Holiday Inn Hangzhou Xiaoshan, Hangzhou Qiandao Lake Bright Resort Hotel, Huaibei Bright Hotel and Ningbo Bright Hotel. Among them, Ningbo Bright Hotel officially commenced business in October 2019, and its operation performance is good. The hotel operation of the Group recorded a revenue of approximately RMB182.5 million (2019: approximately RMB141.3 million), representing an increase of approximately 29.2%, during the year under review and the overall hotel occupancy rate was approximately 43% (2019: approximately 51%).

Commercial leasing

The leasing revenue in 2020 was about RMB144.8 million, representing a decrease of about 29.7% as compared to RMB205.9 million in 2019. The main reason of the decrease was because of the impact on shop operations and the provision of rent-free periods for shops during the COVID-19 outbreak.

Currently, Highlong Plaza, International Office Centre (IOC), Zhong An Square and the shopping units of Hidden Dragon Bay constitute the main source of leasing income of the Group. Highlong Plaza consists of office buildings, a shopping centre, a hotel, serviced apartments and underground car parking lots. The serviced apartments at Highlong Plaza were sublet to and managed by independent operators, Ningbo Sanbi Hotel and Hangzhou Youbang Hotel. The performance of the operation was satisfactory. The overall leasing rate was 94% (2019: 93%).

Property management and other services

The property management and other services revenue in 2020 was about RMB361.5 million, representing an increase of about 47.0% as compared to RMB245.9 million in 2019. The Group provides quality property management services to the communities located in properties developed by the Group and other developers. The services are further enhanced by the provision of travel tours, housekeeping and nanny services, etc.. The provision of customer-oriented services and the wide variety of services offered have strengthened the Group's corporate brand management.

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Awards and Recognitions

The Group had received the following awards and accolades from the PRC government and recognised authorities during the year under review:

Awarded by	Awards	Awarded parties/ projects
China Real Estate Top10 Research Group, China Index Academy	2020 Top 100 China Real Estate Developers	Zhong An Group Limited
China Real Estate Top10 Research Group, China Index Academy	2020 Top 10 Hong Kong Listed Domestic Property Companies with Financial Stability	Zhong An Group Limited
China Real Estate Top10 Research Group, China Index Academy	Top 50 Real Estate Enterprises in the Yangtze River Delta region in 2020	Zhong An Group Limited

Awarded by	Awards	Awarded parties/ projects
China mainstream media Real Estate Alliance	Regional Brand Housing Enterprise in 2020	Zhong An Group Limited
City Express	2020 China (Hangzhou) Annual Brand Housing Enterprise	Zhong An Group Limited
China Real Estate Top10 Research Group, China Index Academy	2020 China's Top 100 Property Management Service Providers	Zhejiang Zhong An Property Management Co., Ltd.
China Real Estate Top10 Research Group, China Index Academy	2020 East China region property service market position leading enterprise	Zhejiang Zhong An Property Management Co., Ltd.

Human resources

As at 31 December 2020, the Group employed a total of 4,573 staff (2019: 3,603 staff). In 2020, the staff cost of the Group was about RMB391.0 million (2019: about RMB314.5 million), representing an increase of about 24.3% (2019: 23.5%). The increase was mainly due to the increase in quality staff recruited during the year under review following the continuous development of the business. The employees' remuneration policy was determined by reference to factors such as remuneration information in respect of the local market, the overall remuneration standard in the industry, inflation level, corporate operating efficiency and performance of the employees. The Group conducts performance appraisal on a yearly basis for its employees, the results of which are taken into account of the annual salary review and promotion assessment. The Group's employees are considered for the entitlement of annual discretionary bonus according to certain performance conditions and appraisal results. To attract high calibre people and solidify the management of the Group, eligible participants (including employee of the Group) may be granted options to subscribe for shares in the Company pursuant to the share option scheme adopted by the Company. The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain the attraction of the Company for talents and their competitiveness in the market.

Dividend policy

The Company may distribute dividends by way of cash or by other means that the Board considers appropriate. Any proposed distribution of dividends is subject to the discretion of the Board and, where applicable, the approval of the shareholders of the Company (the “**Shareholders**”). The Board will consider various factors before declaring or recommending any payment of dividends. These factors include the results of operation of the business of the Group, the retained earnings and distributable reserves of the Company and each of the members of the Group, the Group’s actual and expected financial performance, the general business conditions and strategies, the Group’s expected working capital requirements and future expansion plans, the general economic conditions and business cycle of the Group’s business, the future prospects of the business of the Group, Shareholders’ interests, statutory and regulatory restrictions on the payment of dividend and other internal or external factors that the Board deems appropriate.

FINANCIAL ANALYSIS

Revenue

For the year ended 31 December 2020, the Group recorded a total revenue of approximately RMB7,438.9 million, representing an increase of approximately 19.9% compared with that of RMB6,204.7 million in 2019. Among which, the revenue arising from the sale of properties had constituted and is expected to constitute continually the vast majority of the Group’s total revenue, accounting for approximately 90.7% of the total income for the year.

Cost of sales

For the year ended 31 December 2020, the Group’s cost of sales was approximately RMB5,194.0 million, representing an increase of approximately 52.1% as compared with that of RMB3,415.9 million in 2019.

Gross profit

For the year ended 31 December 2020, the Group recorded gross profit of about RMB2,244.9 million, representing a decrease of about 19.5% as compared to that of about RMB2,788.8 million in the previous year, the gross profit margin was approximately 30.2%, decreased by approximately 14.8 percentage points as compared to those of 2019. The gross profit margin remained at a high level in the industry, and the year-on-year decrease was due to the higher gross profit margin of the projects recognised for sale in the previous year.

Other income and gains, net

The other income and gains of the Group amounted to approximately RMB162.6 million for the year ended 31 December 2020, representing an increase of 64.7% as compared with that of RMB98.7 million in 2019. The increase was primarily due to the proceeds from the disposal of a subsidiary.

Selling and distribution expenses

The selling and distribution expenses increased by about 18.3% to about RMB322.5 million in 2020 from about RMB272.6 million in 2019. Mainly due to the increase in sales commission and marketing expenses with the growth of the revenue.

Administrative expenses

Administrative expenses were increased by about 14.3% to about RMB525.1 million in 2020 from about RMB459.4 million in 2019. Primarily attributable to increased headcounts for the development of the Group.

Other expenses

Other expenses decreased by about 68.1% to about RMB107.9 million in 2020 from about RMB64.2 million in 2019.

Finance costs

Finance costs increased by about 31.4% to about RMB250.1 million in 2020 from about RMB190.4 million in 2019. This increase was mainly due to the balances of the loans and borrowings have increased compared to 2019.

Income tax expenses

Income tax expenses decreased by about 38.2% to about RMB566.7 million in 2020 from about RMB916.5 million in 2019. Primarily due to the increase of deferred tax assets during the year.

Capital structure

As at 31 December 2020, 5,635,809,800 shares in the Company were in issue (31 December 2019: 5,718,638,800 shares).

As at 31 December 2020, the Group had total assets of approximately RMB41,820.0 million (2019: approximately RMB30,172.4 million) which were financed by current liabilities of approximately RMB17,280.8 million (2019: approximately RMB13,603.2 million), non-current liabilities of approximately RMB13,125.2 million (2019: approximately RMB6,048.6 million) and shareholders' equity of approximately RMB11,413.9 million (2019: approximately RMB10,520.7 million).

As at 31 December 2020, the Group had an aggregate amount of cash and cash equivalents and restricted cash of about RMB5,911.7 million (2019: RMB4,058.9 million).

As at 31 December 2020, the Group's interest-bearing bank and other borrowings amounted to approximately RMB15,493.4 million (2019: approximately RMB7,220.8 million).

The maturity profile of the borrowings was as follows:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Within 1 year or on demand	3,653,485	2,489,530
Over 1 year but within 2 years	4,146,616	987,298
Over 2 years but within 5 years	6,482,697	2,653,642
Over 5 years	1,210,631	1,090,305
	<u>15,493,429</u>	<u>7,220,775</u>

Interest-bearing bank and other borrowings bear interest at fixed rates and floating rates. As at 31 December 2020, the Group's interest-bearing bank and other borrowings bore average effective interest rates of 6.27% per annum (2019: 6.26% per annum).

The denominated amounts of the borrowings were as follows:

	As at 31 December 2020 <i>RMB'000</i>	As at 31 December 2019 <i>RMB'000</i>
Renminbi	15,489,651	7,220,775
GBP	3,778	–
	<u>15,493,429</u>	<u>7,220,775</u>

During the year under review, the total cost of borrowings of the Group was approximately RMB697.1 million (2019: approximately RMB375.5 million), and, among which, interests with an amount of approximately RMB463.4 million (2019: approximately RMB202.1 million) were capitalized.

The Group maintained a healthy liquidity position. The current ratio, being a ratio of total current assets to total current liabilities, was approximately 1.70 (2019: approximately 1.36). The ratio of interest-bearing bank and other borrowings to total assets was 0.37 (2019: 0.24). The net gearing ratio of the Group (defined as net debt divided by total equity) was 0.84 (2019: 0.30) (net debt is defined as total interest-bearing bank and other borrowings less cash and cash equivalent and total restricted cash). The Group always adopts a prudent financial policy in its operation and business development.

Capital commitments

As at 31 December 2020, the Group had capital commitments of about RMB2,517.3 million (2019: approximately RMB2,245.6 million), mainly in respect of property development expenditure. It is expected that the Group will finance such commitments from its own funds, cash proceeds from sales and external financing (such as bank loans).

Contingent liabilities

As at 31 December 2020, the contingent liabilities of the Group was about RMB4,933.4 million (2019: approximately RMB3,488.0 million), which were guarantees provided by the Group in favour of certain banks for the grant of mortgage loans to buyers of the Group's properties.

Pledge of assets

As at 31 December 2020, investment properties of the Group with carrying value of about RMB3,185.1 million (2019: approximately RMB1,317.5 million), properties under development of about RMB8,989.5 million (2019: approximately RMB4,029.7 million), completed properties held for sale of about RMB1,325.9 million (2019: approximately RMB942.5 million), property and equipment of about RMB1,237.0 million (2019: approximately RMB624.6 million), restricted cash of about RMB40.6 million (2019: approximately RMB14.0 million), 100% equity interest in a subsidiary of the Group of about RMB40.0 million (2019: RMB40.0 million) were pledged to secure the banking facilities and other borrowings of the Group.

Foreign exchange risk

As the sales, purchase and external financing of the Group in 2020 and 2019 were made mainly in Renminbi, the foreign exchange risk exposed to the Group was relatively minor. The Group did not use foreign exchange hedging instruments to hedge foreign exchange risks in 2020 and 2019.

Interest rate risk

The interest rates for certain portion of the Group's loans were floating. Upward fluctuations in interest rates will increase the interest cost of new loans and existing loans. Given that certain portion of loans are RMB loans and the stable domestic economic situation of the PRC, the Group currently does not use derivative instruments to hedge its interest rate risks.

Events after the reporting period

On 3 February 2021, Zhong An Zhihui Shenghuo Services Co., Ltd.* (眾安智慧生活服務有限公司), an indirect wholly-owned subsidiary of the Group, had entered into sale and purchase agreements with three indirect non-wholly owned subsidiaries of China New City Commercial Development Limited, which in turn is an indirect non-wholly owned subsidiary of the Group, pursuant to which three PRC target companies principally engaging in the commercial property management business (the “**Target Companies**”) was proposed to be transferred at an aggregate consideration of RMB104.65 million (the “**Proposed Transfers**”). Upon completion of the Proposed Transfers, the respective financial results of the Target Companies will continue to be consolidated into the consolidated financial statements of the Group.

Save for the above, there was no matter occurred that bears significant effect to the Group between the year end date and the date of this announcement.

Environmental, Social and Governance Aspects

The Group is always committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. A report on the environmental, social and governance aspects is being prepared with reference to Appendix 27 (Environmental, Social and Governance Reporting Guide) to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and will be published respectively on the websites of the Company and the Stock Exchange in due course.

PROSPECTS

Looking forward to year 2021, albeit uncertainties about the international environment still remain, the availability of the new vaccine is expected to help with the global economic recovery. In the face of complex changes in the new domestic and international environment and new challenges, it is anticipated that China will continue to adhere to the new development concept and accelerate the construction of a new development pattern, with which the domestic cycle remains the main body and the domestic and international double cycles promote each other, promoting high-quality economic and social development through the continuous deepening of supply-side structural reforms. It is expected that the PRC government will continue to adhere to the positioning “housing is for living without speculation”, implementing policy rent and purchase simultaneously, and city-based policy, so as to promote the property market demand release reasonably, and promote the stable and healthy development of the real estate market.

The Group will maintain a short-term prudent, long-term optimistic view, focusing on the cyclical strategic development strategy, combined with the market macro environment and industry dynamics, and strengthen efficient operation and company business orientation, to ensure steady growth in scale. The Group will continue to work deep into the Yangtze River Delta economic circle, focusing on the layout of the city’s future core project expansion. Also, the Group will make full use of their brand advantages in the Yangtze River Delta region, and constantly optimize marketing methods and channels to achieve rapid growth in sales. At the same time, the Group will further develop the strategic layout advantages of deep regional cultivation, actively grasp market opportunities, optimize the investment structure of the project, increase the intensity of mergers and acquisitions, flexible adjustment of marketing strategies, pricing guidelines and product structure, to achieve sustainable development of enterprises, to bring the ideal return to the Shareholders.

FINAL DIVIDEND

The Board does not recommend the payment of dividend for the year ended 31 December 2020 (2019: HK\$0.02 per ordinary share).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save for the repurchase of shares of the Company set out below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020:

Month of repurchase	Number of shares repurchased <i>HK\$</i>	Price per share (Highest) <i>HK\$</i>	Price per share (Lowest) <i>HK\$</i>	Total consideration <i>HK\$</i>
January 2020	22,448,000	0.2360	0.2200	5,153,633.0
February 2020	19,652,000	0.2340	0.2230	4,513,365.6
May 2020	38,259,000	0.2390	0.2250	8,912,720.0
June 2020	2,470,000	0.2300	0.2300	568,100.0
	<u>82,829,000</u>			<u>19,147,818.6</u>

The repurchase of shares was effected for the benefit of the Company and the Shareholders as a whole by enhancing the value of the net assets and earnings per share of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). Following specific enquiries by the Company, all Directors confirmed with the Company that they had complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions during the year.

CORPORATE GOVERNANCE

Throughout the year, the Company had applied the principles and complied with the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The Board will review the management structure of the Group from time to time and adopt appropriate measures as may be desirable for future development of the operating activities or business of the Group.

SCOPE OF WORK OF ERNST & YOUNG

The figures above in respect of this annual results announcement for the year ended 31 December 2020 have been agreed with the Company's auditor, Ernst & Young, certified public accountants ("**Ernst & Young**"), to be consistent with the amounts set out in the Group's consolidated financial statements for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on this announcement.

AUDIT COMMITTEE

The Audit Committee of the Company (comprising all the independent non-executive Directors) had reviewed the consolidated annual results of the Group during the year under review, and reviewed with the management of the Group regarding the accounting standards and practices adopted by the Group, and discussed with them the internal controls and financial reporting matters.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on Thursday, 10 June 2021 (the "**AGM**"). A notice convening the AGM will be published and despatched in due course to the Shareholders in the manner required by the Listing Rules. The register of members of the Company will be closed from Monday, 7 June 2021 to Thursday, 10 June 2021 (both days inclusive) for the purposes of determining Shareholders who are entitled to attend and vote at the forthcoming AGM. In order to qualify for attending and voting at the AGM, all transfer documents accompanied by the relevant share certificates should be lodged for registration with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Friday, 4 June 2021.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual report of the Group containing all the relevant information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Zhong An Group Limited
Shi Kancheng
Chairman

The PRC, 25 March 2021

As at the date of this announcement, the Board comprised five executive Directors, namely Mr Shi Kancheng (alias Shi Zhongan) (Chairman), Mr Zhang Jiangang (Chief Executive Officer), Ms Shen Tiaojuan, Ms Jin Ni and Ms Shi Jinfan, and three independent non-executive Directors, namely Professor Pei Ker Wei, Dr Loke Yu (alias Lok Hoi Lam) and Mr Zhang Huaqiao.