Zhenro Properties Group Limited
正榮地產集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6158)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

ANNUAL RESULTS AND OPERATIONAL HIGHLIGHTS

- Revenue for the year ended 31 December 2020 was RMB36,126.1 million, representing a year-on-year increase of 11.0%.
- Profit for the year ended 31 December 2020 was RMB3,558.9 million, representing a year-on-year increase of 15.0%.
- Core profit for the year ended 31 December 2020 was RMB3,304.4 million, representing a year-on-year increase of 18.9%.
- As at 31 December 2020, net debt to total equity ratio was 64.7%, short term debt to total debt ratio was 29.1%, cash to short term debt ratio was 220% and the weighted average financing cost of debt further lowered to 6.5%.
- The proposed final dividend for the year ended 31 December 2020 is HK$0.15 per share.
- The aggregated contracted sales of the Group, together with its joint ventures and associates, for the year ended 31 December 2020 was RMB141.9 billion, representing a year-on-year increase of 8.6% and a completion of full year contracted sales target.
- During the year, the Group has acquired 46 parcels of land with an aggregated estimated GFA of 7.14 million sq.m. and an attributable ratio (in terms of GFA) of 70.0%. As at 31 December 2020, the Group had a total land bank with GFA of 28.5 million sq.m.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Director(s)**") of Zhenro Properties Group Limited ("**Zhenro Properties**" or the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2020 together with the comparative figures for the preceding financial year as follows. The annual results have been prepared in accordance with International Financial Reporting Standards (the "**IFRS**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
REVENUE	4	**36,126,089**	32,557,660
Cost of sales		**(29,222,208)**	(26,059,803)
Gross profit		**6,903,881**	6,497,857
Other income and gains	4	**971,825**	471,131
Selling and distribution expenses		**(1,159,713)**	(972,294)
Administrative expenses		**(1,138,328)**	(1,214,481)
Impairment losses on financial assets, net		**(5,087)**	(482)
Other expenses		**(161,450)**	(98,935)
Fair value gains on investment properties		**323,960**	326,507
Net gain or loss from financial assets at fair value through profit or loss		**17,454**	(14,513)
Finance costs	6	**(504,796)**	(484,091)
Share of profits and losses of:			
Joint ventures		**33,887**	357,503
Associates		**545,272**	163,429
PROFIT BEFORE TAX	5	**5,826,905**	5,031,631
Income tax expense	7	**(2,267,971)**	(1,937,647)
PROFIT FOR THE YEAR		**3,558,934**	3,093,984
Attributable to:			
Owners of the parent		**2,650,744**	2,506,405
Non-controlling interests		**908,190**	587,579
		3,558,934	3,093,984
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	**RMB0.61**	RMB0.59

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2020

	2020 **RMB'000**	2019 RMB'000
PROFIT FOR THE YEAR	**3,558,934**	3,093,984
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**549,623**	(94,964)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**549,623**	(94,964)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**549,623**	(94,964)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**4,108,557**	2,999,020
Attributable to:		
Owners of the parent	**3,200,367**	2,411,441
Non-controlling interests	**908,190**	587,579
	4,108,557	2,999,020

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**561,410**	579,770
Investment properties		**10,615,200**	9,377,800
Right-of-use assets		**345,356**	390,518
Other intangible assets		**6,902**	6,843
Prepayments, other receivables and other assets		**–**	120,120
Investments in joint ventures		**3,137,528**	2,341,631
Investments in associates		**5,675,958**	3,199,926
Deferred tax assets		**1,803,433**	1,684,744
Total non-current assets		**22,145,787**	17,701,352
CURRENT ASSETS			
Financial assets at fair value through profit or loss		**938,067**	773,896
Properties under development		**117,686,697**	86,379,442
Completed properties held for sale		**7,870,910**	7,626,154
Trade receivables	10	**124,825**	66,293
Due from related companies		**7,880,825**	6,696,104
Prepayments, other receivables and other assets	11	**20,377,345**	13,533,906
Tax recoverable		**1,388,542**	1,135,255
Cash and bank balances		**42,972,503**	35,306,808
Total current assets		**199,239,714**	151,517,858

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

As at 31 December 2020

	Notes	**2020** **RMB'000**	2019 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	12	**21,219,712**	16,752,615
Other payables and accruals	13	**12,351,381**	10,571,875
Contract liabilities		**60,866,676**	38,797,781
Due to related companies		**13,816,828**	7,386,244
Interest-bearing bank and other borrowings		**12,891,572**	14,534,136
Senior notes		**5,186,525**	3,482,134
Corporate bonds		**1,470,458**	2,024,173
Tax payable		**4,400,731**	2,828,821
Lease liabilities		**54,666**	68,171
Total current liabilities		**132,258,549**	96,445,950
NET CURRENT ASSETS		**66,981,165**	55,071,908
TOTAL ASSETS LESS CURRENT LIABILITIES		**89,126,952**	72,773,260
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**28,869,723**	21,782,986
Other payables and accruals		**2,891,445**	2,321,843
Corporate bonds		**3,084,546**	3,481,130
Senior notes		**15,781,545**	13,360,910
Deferred tax liabilities		**848,301**	702,925
Lease liabilities		**48,438**	63,477
Total non-current liabilities		**51,523,998**	41,713,271
Net assets		**37,602,954**	31,059,989
EQUITY			
Equity attributable to owners of the parent			
Share capital		**282**	282
Reserves		**19,575,985**	16,396,245
		19,576,267	16,396,527
Perpetual capital securities		**1,418,707**	1,439,510
Non-controlling interests		**16,607,980**	13,223,952
Total equity		**37,602,954**	31,059,989

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2014. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 January 2018. The registered office of the Company is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9008, Cayman Islands.

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

In the opinion of the directors, the holding company and the ultimate holding company of the Company is RoYue Limited, which is incorporated in the British Virgin Islands.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all standards and interpretations, International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations) approved by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties 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.

2.2 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	*Definition of a Business*
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions* (early adopted)
Amendments to IAS 1 and IAS 8	*Definition of Material*

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

(a) *Conceptual Framework for Financial Reporting 2018* (the "Conceptual Framework") sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.

(c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate ("RFR"). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.

(d) Amendment to IFRS 16 provides a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease. The amendment is effective for annual periods beginning on or after 1 June 2020 with earlier application permitted and shall be applied retrospectively.

During the year ended 31 December 2020, certain monthly lease payments for the leases of the Group's office buildings have been reduced or waived by the lessors as a result of the COVID-19 pandemic and there are no other changes to the terms of the leases. The Group has early adopted the amendment on 1 January 2020 and elected not to apply lease modification accounting for all rent concessions granted by the lessors as a result of the COVID-19 pandemic during the year ended 31 December 2020. The reduction in the lease payments arising from the rent concessions accounted for as a variable lease payment by derecognising part of the lease liabilities and crediting to profit or loss for the year ended 31 December 2020 was insignificant.

(e) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

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

3. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project locations for the purpose of making decisions about resource allocation and performance assessment, while no single location's revenue, net profit or total assets exceed 10% of the Group's consolidated revenue, net profit or total assets, respectively. As the economic characteristics are similar in all the locations, where the nature of property development and leasing and management are similar, and the nature of the aforementioned business processes, the type or class of customer for the aforementioned business and the methods used to distribute the properties or provide the services are also similar, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in Mainland China and no non-current assets of the Group are located outside Mainland China.

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 at the end of the reporting period.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2020 **RMB'000**	**2019** **RMB'000**
Revenue		
Revenue from contracts with customers	36,007,173	32,423,362
Revenue from other sources		
Gross rental income from investment property operating leases:		
Lease payments, including fixed payments	118,916	134,298
	36,126,089	32,557,660

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers

(i) Disaggregated revenue information

	2020 RMB'000	2019 RMB'000
Types of goods or services		
Sale of properties	35,601,372	32,184,576
Sale of goods	77,703	–
Property management services	88,118	85,492
Management consulting services	239,980	153,294
Total revenue from contracts with customers	36,007,173	32,423,362
Timing of revenue recognition:		
Properties or goods transferred at a point in time	35,679,075	32,184,576
Services transferred over time	328,098	238,786
Total revenue from contracts with customers	36,007,173	32,423,362

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020 RMB'000	2019 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	21,349,190	29,516,507

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For property sales contracts, the Group recognises revenue equal to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

Sale of goods

Revenue from sales of goods is recognised when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Payment of the transaction price is due immediately at the point the customer has accepted the materials.

Property management services

For property management services contracts, the Group recognises revenue equal to the right to invoice amount when it corresponds directly with the value to the customer of the Group's performance to date, on a monthly basis. The majority of the property management service contracts do not have a fixed term.

Management consulting services

For management consulting services, the Group recognises revenue in the amount that equals to the right to invoice which corresponds directly with the value to the customer of the Group's performance to date. The majority of the management consulting service contracts do not have a fixed term. The term of the contracts for pre-delivery and consulting services is generally set to expire when the counterparties notify the Group that the services are no longer required.

4. REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

An analysis of other income and gains is as follows:

	2020 RMB'000	2019 RMB'000
Other income		
Interest income	578,680	373,261
Others	7,785	7,731
	586,465	380,992
Gains		
Exchange gain	64,351	4,866
Government grants	14,986	14,891
Forfeiture of deposits	14,959	14,543
Gain on disposal of subsidiaries	100,077	54,961
Gain on bargain purchase	21,751	–
Remeasurement gain on investment in joint ventures and associates held before business combination	166,329	–
Gain on disposal of items of property, plant and equipment	2,907	878
	385,360	90,139
	971,825	471,131

5. PROFIT BEFORE TAX

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

	2020 RMB'000	2019 RMB'000
Cost of properties sold	29,015,470	26,140,970
Impairment losses written off for completed properties held for sale	(30,108)	(227,701)
Impairment losses recognised for properties under development	118,646	66,456
Depreciation of items of property, plant and equipment	57,309	57,679
Depreciation of right-of-use assets	47,865	44,224
Amortisation of other intangible assets	3,023	4,906
Gain on disposal of items of property, plant and equipment, net	(2,754)	(785)
Gain on disposal of subsidiaries	(100,077)	(54,961)
Auditors' remuneration	11,238	10,717
Impairment losses on financial assets, net	5,087	482
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	610,134	580,518
Pension scheme contributions and social welfare	66,844	79,968

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 RMB'000	2019 RMB'000
Interest on interest-bearing bank and other borrowings, corporate bonds, senior notes and proceeds from asset-backed securities	4,996,793	4,500,931
Interest expense arising from revenue contracts	598,976	558,799
Interest on lease liabilities	6,619	6,591
Total interest expense on financial liabilities not at fair value through profit or loss	5,602,388	5,066,321
Less: Interest capitalised	(5,097,592)	(4,582,230)
	504,796	484,091

7. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiaries incorporated in Hong Kong were not liable for income tax as they did not have any assessable profits currently arising in Hong Kong for the year ended 31 December 2020.

Subsidiaries of the Group operating in Mainland China were subject to PRC CIT at a rate of 25% for the year.

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

	2020 RMB'000	2019 RMB'000
Current tax:		
PRC CIT	1,816,771	1,330,378
PRC LAT	1,009,475	872,547
Deferred tax	(558,275)	(265,278)
Total tax charge for the year	2,267,971	1,937,647

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate are as follows:

7. INCOME TAX (Continued)

	2020 RMB'000	2019 RMB'000
Profit before tax	5,826,905	5,031,631
At the statutory income tax rate	1,456,726	1,257,908
Profits and losses attributable to joint ventures and associates	(144,790)	(130,233)
Expenses not deductible for tax	21,190	23,164
Tax losses and deductible temporary differences utilised from previous years	(167,121)	(147,664)
Deductible temporary differences not recognised	168,172	111,206
Tax losses not recognised	176,688	168,796
Provision for LAT	1,009,475	872,547
Tax effect on LAT	(252,369)	(218,077)
Tax charge at the Group's effective rate	2,267,971	1,937,647

The share of tax charge attributable to joint ventures and associates amounted to RMB678,670,000 for the year (2019: RMB520,249,000). The share of tax credit attributable to joint ventures and associates amounting to RMB871,723,000 for the year (2019: RMB693,893,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

Tax payable in the consolidated statement of financial position represents:

	2020 RMB'000	2019 RMB'000
PRC CIT payable	2,642,994	1,397,227
PRC LAT payable	1,757,737	1,431,594
Total tax payable	4,400,731	2,828,821

8. DIVIDENDS

	2020 RMB'000	2019 RMB'000
Proposed final – HK$0.15 (2019: HK$0.1) per ordinary share	551,261	396,763

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 4,367,756,000 (2019: 4,226,937,479) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the years ended 31 December 2020 and 2019 was based on 4,123,000,000 shares of the Company as at 1 January 2019. On 30 July 2019, 244,756,000 shares of the Company were placed to a certain investor at a price of HK$4.95 per share.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2020 and 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2020 and 2019.

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

	2020 RMB'000	2019 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent	2,650,744	2,506,405
Shares		
Weighted average number of ordinary shares in issue during the year	4,367,756,000	4,226,937,479
Earnings per share		
Basic and diluted	RMB0.61	RMB0.59

10. TRADE RECEIVABLES

	2020 RMB'000	2019 RMB'000
Trade receivables	124,825	66,293
Impairment	–	–
	124,825	66,293

Trade receivables mainly represent rentals receivable from tenants, sales of properties and sales of goods. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables approximate to their fair values. An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2020 RMB'000	2019 RMB'000
Less than 1 year	82,579	57,772
Over 1 year	42,246	8,521
	124,825	66,293

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

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

11. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2020 RMB'000	2019 RMB'000
Prepayments related to third parties' land use rights	245,510	2,384,636
Deposits	3,554,706	2,168,928
Prepayments for acquisition of land use rights	3,179,445	1,865,408
Other tax recoverable	2,884,510	2,259,873
Due from non-controlling shareholders of subsidiaries	9,337,227	4,418,306
Contract cost assets	546,238	166,620
Prepayments for construction cost	266,304	57,972
Consideration receivable of disposal of subsidiaries	–	11,962
Prepayments for investments in subsidiaries	–	60,120
Prepayments for investments in joint ventures and associates	–	60,000
Other receivables	373,115	204,824
	20,387,055	13,658,649
Impairment	(9,710)	(4,623)
	20,377,345	13,654,026
Less: Current portion	20,377,345	13,533,906
Non-current portion	–	120,120

The movements in provision for impairment of prepayments, other receivables and other assets are as follows:

	2020 RMB'000	2019 RMB'000
Carrying amount at 1 January	4,623	4,141
Impairment losses recognised	5,087	482
Carrying amount at 31 December	9,710	4,623

Prepayments, other receivables and other assets are unsecured, non-interest-bearing and have no fixed terms of repayment.

The internal credit rating of amounts due from non-controlling shareholders of subsidiaries and other deposits was performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition. The expected loss rate of these receivables is assessed to be 0.1%. The Group has evaluated the expected loss rate and gross carrying amount, measured the impairment based on the 12-month expected credit losses, and assessed that the expected credit losses were RMB9,710,000 as at 31 December 2020 (2019: RMB4,623,000).

12. TRADE AND BILLS PAYABLES

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

	2020 RMB'000	2019 RMB'000
Within 1 year	20,993,540	16,494,363
Over 1 year	226,172	258,252
	21,219,712	16,752,615

The trade payables are unsecured and are normally settled based on the progress of construction.

13. OTHER PAYABLES AND ACCRUALS

	2020 RMB'000	2019 RMB'000
Deposits related to land use rights	2,729,257	1,215,452
Advances from non-controlling shareholders of subsidiaries	6,126,827	6,531,535
Retention deposits related to construction	1,788,724	724,592
Payroll and welfare payable	336,521	266,461
Deposits related to sales of properties	230,979	105,297
Business tax and surcharges	400,333	322,371
Maintenance fund	355,152	104,242
Proceeds from asset-backed securities (note)	3,101,851	3,346,334
Others	173,182	277,434
	15,242,826	12,893,718
Less: Current portion	12,351,381	10,571,875
Non-current portion	2,891,445	2,321,843

Note: The balance represented proceeds received from a special purpose entity ("SPE") set up by a financial institution in Mainland China for issuance of asset-backed securities, to which the Group has collateralised certain future trade receivables for the remaining receipts from sales of properties. Under an assignment arrangement between the Group and the SPE, as and when the Group receives the sales proceeds from customers, the Group would remit any cash flows it collects on behalf of the SPE. As at 31 December 2020, the current portion of the proceeds from asset-backed securities was RMB210,406,000 (2019: RMB1,024,491,000) and the non-current portion was RMB2,891,445,000 (2019: RMB2,321,843,000).

Except for the proceeds from asset-backed securities, other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the reporting periods approximated to their corresponding carrying amounts.

CHAIRMAN'S STATEMENT

Dear shareholders,

I am pleased to present to you the results and business review of Zhenro Properties for the year ended 31 December 2020 and its outlook for 2021.

RESULTS

For the year ended 31 December 2020, the revenue of the Group increased by 11.0% year-on-year to RMB36,126.1 million; the profit increased by 15.0% year-on-year to RMB3,558.9 million; the core profit (exclude changes in fair values of investment properties and financial assets, exchange gain or loss, impairment loss and the relevant deferred taxes) increased by 18.9% year-on-year to RMB3,304.4 million; and the profit attributable to owners of the parent was RMB2,650.7 million, representing a year-on-year increase of 5.8%. The Board recommended a final dividend of HK$0.15 per share.

BUSINESS REVIEW OF 2020

During 2020, the PRC government has been sticking to the principle that "houses are for living in, not for speculation", and strengthened each city's shouldering of responsibilities in implementing "city-specific policies" to flexibly strike a balance between the housing prices on one hand and to fuel new type of urbanization, talent immigrations and the comprehensive development of urban clusters on the other, with a long-term goal of "stabilizing the land prices, property prices and expectations", reflecting the government's determination to regulate real estate sector and the continuity of policies. In the first half of 2020, affected by the novel coronavirus ("**COVID-19**") pandemic, policies focused on stabilizing the economy, which included the increase in land supply by local governments, phased relaxation of certain restrictive measures, and the cut of reserve requirement ratio for three times and the loan prime rate for two times by the People's Bank of China ("**PBOC**"). The relatively loose policy environment, reasonably abundant liquidity and lowered housing mortgage interest rates were conducive to the recovery of the real estate market and supported overall sales growth. Entering the second half of 2020, following the rapid recovery of the real estate market in various regions, the policies have been tightened again with many hot cities having introduced new real estate restrictions. In August 2020, the PBOC formulated capital and financing management rules for key real estate companies and launched the "three red lines" rule to set the growth thresholds of interest-bearing debts to push forward the further deleveraging of the real estate companies and ensure their debt maintains at a reasonable and safe level, so as to further stabilizing the market.

Year 2020 marks a milestone for Zhenro Properties' "New Three-year Strategy", the Group has entered the new development stage of "Four High", namely "high quality growth, high-level city penetration, high operational efficiency and nurturing of high-potential business talents", and strives to achieve the goal of "high-quality growth". In face of a changeable and complex market environment, the Group will forge ahead, desire for and pursue changes and constantly improve its management quality, to maintain the steady and healthy development of Zhenro Properties.

Innovative Targeted Marketing in Response to the COVID-19 Pandemic

In the beginning of 2020, as a result of COVID-19 pandemic, property developers' sales offices and construction of projects in various places were suspended temporarily. To cope with the situation, the Group established a "Pofeng Action (破風行動)" team which was responsible for the smooth resumption of construction projects, punctual supply of units and minimization of the risks associated with units delivery. "Pofeng Action" has made good progress, attaining the project resumption rate of 100% within 45 days after the shutdowns. Most of the Group's resumed projects were among the first batch of projects approved for resumption of construction in the same region, thus minimizing the impact of the COVID-19 pandemic.

In addition, the Group explored new marketing models in the new era by integrating big data resources and unifying the national online traffic platform. During the year, the Group carried out online-to-offline marketing, including the launch of an online sales app of "Zhenro Home (正榮置家)" and JD Zhenro flagship store, to provide a new format of virtual reality online tour of residential units and house purchase. The Group also launched a series of online live marketing activities to draw more market attention innovatively and precisely. These measures have driven customer visits and sales to rebound. In 2020, the Group, together with its joint ventures and associates, recorded contracted sales of RMB141.9 billion, successfully achieving contracted sales target for the year. The aggregated contracted gross floor area ("**GFA**") sold was 8.90 million sq.m., with the average selling price ("**ASP**") of RMB15,949 per sq.m.

Focus on Deep Penetration of First- and Second-Tier Regions with Equal Emphasis on Quality and Equity Interests of Investment

In terms of land investment, the Group pursues the strategy of "regional penetration", further expanded the Group's market share in the metropolis and laid a foundation for its sustainable and high-quality growth in the future. In 2020, the Group acquired 46 parcels of land with total estimated GFA of approximately 7.14 million sq.m. in 21 cities. Of the Group's newly acquired land bank, 43% and 31% are located respectively in the Yangtze River Delta region and the Western Taiwan Straits region, two core areas where the Group has considerable advantages. In terms of the tiers of cities, 77% of the Group's newly acquired land bank is located in first- and second-tier cities with solid economic fundamentals, including Shanghai, Nanjing, Suzhou, Hefei, Xuzhou and Wuxi in the Yangtze River Delta region; Xiamen, Fuzhou and Nanchang in the Western Taiwan Straits region; Zhengzhou, Wuhan, Changsha and Chengdu in Central and Western China regions; Foshan in the Pearl River Delta region; and Tianjin in the Bohai Economic Rim. The Group has also made great effort to increase equity interests in property projects. In 2020, the Group's overall equity interest (in terms of GFA) in the newly acquired land bank was about 70%. The higher equity interests in the acquired land will effectively increase the sales attributable to the Group's in the future.

As at 31 December 2020, the Group had a land bank with GFA of 28.5 million sq.m. in 32 cities in the PRC, of which 82% is located in first- and second-tier cities. The Group's equity interest (in terms of GFA) in the land bank as at 31 December 2020 increased to 58% from 55% as at the end of 2019.

Optimized Financial Structure and Decreased Financing Cost

Financial soundness is essential to achieving the Group's goal of "high-quality growth". Since its listing in 2018, the Group has been actively exploring financing channels, strictly controlling the level of debt leverage, optimizing financial positions and improving credit ratings, and good results have been achieved.

In 2020, the Group still succeeded in raising funds despite the significant fluctuations in the global capital markets. It successfully seized several opportunities for financing, including being the leading company to issue senior notes at the beginning of the recovery in the offshore bond market in May after a heavy shock to the global capital markets. It was also the first market-oriented public high-yield notes issued by a PRC-based company in the aftermath of the COVID-19 pandemic. During the second half of the year, the Group took a crucial step forward in green finance practice by issuing green senior notes for twice, which received positive response from the markets. In addition, the Group continued to deepen cooperation with various financial institutions in both traditional financing and capital markets financing, and meanwhile, continued to reduce its reliance on financing with higher costs and shorter tenor to optimize its debt structure and lower its financing cost.

Due to its optimized debt structure, cash collection and cash flow management, the Group's major financial ratios and credit ratio were further improved. As at 31 December 2020, the Group's net debt-to-total equity ratio was 64.7% (end of 2019: 75.2%), which remained at the industry average level, and its cash-to-short term debt ratio was approximately 2.2 times (end of 2019: 1.8 times) with the proportion of short-term debt to total debt fell to 29.1% (end of 2019: 34.2%). In addition, the Group also recorded a decline in the financing cost of its newly raised funds in both domestic and offshore capital markets, leading to the further decrease of the weighted average financing cost of borrowings to 6.5% at the end of 2020 (end of 2019: 7.5%).

The Group has also been highly recognized by credit rating agencies for its prudent financial management and overall strength. During the year, Zhenro Property Holdings Company Limited, a wholly-owned subsidiary of the Company, was assigned "AAA" corporate credit rating (which is the highest rating) with a "stable" outlook respectively by China Chengxin International Credit Rating Co., Ltd. (中誠信國際信用評級有限責任公司) and Dagong Global Credit Rating Co., Ltd. (大公國際資信評估有限公司). Despite the increasingly complicated global situation, Moody's and Fitch Ratings maintained the credit ratings of B1 (stable) and B+ (stable) respectively for the Company.

Re-emphasized Product Strategy and Creating an Ideal Living Community

In terms of building product-based strengths, Zhenro Properties focuses on improving standardization, premiums, and quality of products. Having positioned itself as "Home Upgrade Master", the Group has re-emphasized its product strategy, published the product white paper on the Classic Collection series (典藏系) and the New Arbor series (新樾系), and repeatedly pondered the Pinnacle series (紫闕系). In addition, the Group has explored the possibilities of product innovation by taking factors such as natural environment, culture and health into account and is committed to continuously improving and upgrading the properties to suit the various needs of customers in their daily life. The Group launched the "Zhenro Oasis Community Plan (正榮綠洲社區計劃)" for building an ideal and modern community to live in. The Group has also studied the "Comprehensive Decoration Strategy" (全面精裝戰略) and the "Intelligent Community Strategy" (智慧社區戰略) to improve enhance comprehensively product planning, garden construction, intelligent security systems, community facilities and property service standards and strives to enhance customers' living experience. While driving the growth in sales revenue, the Group's high quality products have also been recognized by various professional institutions in the industry. The Group won more than 40 honors by authoritative professional institutions such as Kinpan Award and Aesthetics Vogue Award during the year.

Optimization of Management System and Enhancement of Operational Efficiency

Under the regulatory background of "housings are built for living in, not for speculation", operational efficiency has become the core competitiveness for property developers to cope with cyclical fluctuations. The Group strives to improve its operational efficiency throughout the whole development cycle to achieve a sustainable "high quality growth".

Geared towards the "optimization of the headquarters, enhancement of regional companies, and fast turnover of projects", the Group has adjusted the corporate organizational structure in three aspects to improve the management effectiveness and efficiency. Firstly, the Group integrated and upgraded the functional management center of the headquarters and enhanced the strategic positioning and development planning of each management center; secondly, the Group strengthened the business standardization and refined management by improving standardization systems, optimizing business processes, implementing information management, and promoting dynamic operational management; finally, the Group consolidated resources of regional companies, carried out differentiated management according to the development maturity of each regional company and ensured ordered authorization, to improve decision-making efficiency. In terms of talent pipeline, the Group focused on nurturing business talents, encouraged cross experience and information exchanges of multiline management, strengthened the shouldering of operational management responsibilities of the operation team, to enhance their awareness and management capabilities in comprehensive real estate operations, therefore enabling sound and science-based collective decision-making by the management team.

During the year, the Group continued to improve the efficiency of project development, including the average period for a project to confirm its positioning after land acquisition has been shortened to less than a month; the average initial sale period of a project was approximately seven months; and the average sell-through rate at the initial launch exceeded 70%.

Sound Corporate Governance and Enhancement of ESG Management

The Company values two-way communication with investors and is committed to enhancing corporate transparency and establishing long-term relationships with investors. Subject to relevant listing rules and legal requirements, the Group has established various channels for systematic communications with its stakeholders to provide them with information on the operational results and the latest developments regularly. In addition to the publication of financial reports, announcements and press releases through online channels, including the Hong Kong Exchanges and Clearing Limited website, company website, e-mail and WeChat public account, the Group also actively organizes and participates in various investor relations activities, including meetings, press conferences, roadshows, investment seminars, project site visits and media interviews, so as to maintain close communication with the market. To adapt to the COVID-19 pandemic, the Group actively maintains communication with investors through video conferencing and other communication technologies. In addition, the Group made a new attempt by organizing an online reverse roadshow, which was the first of its kind organized by a PRC property developer. It made use of virtual reality technology to conduct an online project visit for investors and analysts who were unable to travel due to the pandemic. During the year, the Group participated in a total number of more than 150 meetings with over 2,000 investors.

The Group's investment value has been well recognized for its prudent corporate image, good operational results and excellent brand value. In the capital markets, the Group has received equity and fixed-income research coverages and positive commentaries by various well-known domestic and overseas investment banks and securities houses, including Barclays, BNP Morningstar, CCB International, Deutsche Bank, Haitong International, Huatai International, HSBC, J.P. Morgan, UBS AG, UOB Kay Hian, Northeast Securities, Soochow Securities, Southwest Securities, Guotai Junan, Standard Chartered Bank, CITIC Securities, Bank of America Merrill Lynch, CRIC Securities, EH Consulting (億翰智庫) and Huaxi Securities.

The Group received a number of awards and honors in 2020, including "Best Information Disclosure Award 2020" by Gelonghui, "Quam IR Awards" by China Tonghai IR, "Most Progress in IR Award" by Hong Kong Investor Relations Association, "Most Impressive Corporate Issuer 2020" by GlobalCapital China, "Asia's Best CEO (Investor Relations)" and "Best Investor Relations Company (China)" by Corporate Governance Asia, "Certificate for Excellence in Investor Relations" by IR Magazine, "Best Investor Relations (Investment Grade & High Yield)" and "Best Use of Debt (Investment Grade & High Yield)" by Institutional Investor, "Triple A Sustainable Capital Markets Regional Awards 2020 – Corporate Issuer of the Year 2020" and "Triple A Sustainable Capital Markets Regional Awards 2020 – Best Green Bond (Real Estate)" by The Asset.

In the long run, the Company believes that the Group's contribution to the environment will enhance the value of shareholders and investors, as well as the Company's brand and reputation. As the global capital markets pay increasing attention to environmental, social and governance ("**ESG**") issues, Zhenro Properties on one hand actively fulfills its corporate social responsibilities, while on the other hand continues to enhance information disclosure and ratings of relevant topics. During the year, the Group participated in the ESG ratings or evaluations conducted by four international institutes, of which MSCI upgraded the Company's ESG rating to BB in December 2020.

In terms of green development and environmental protection issues, the Group has put the construction of environmental-friendly green buildings as the core of its internal environmental policies, and has invested capital in supporting product design innovations, aiming at the effective utilization of materials, energy and space, and protecting the environment from the sources. During the year, 7 projects of Zhenro Properties were accredited the two-star or three-star standard certification for national green buildings. In terms of green financing, in August 2020, Zhenro Properties established the "Zhenro Properties Green Bond Framework", and engaged Sustainalytics, an authoritative independent ESG rating agency, to conduct an independent external review over the framework and obtain its second-party opinion. The Company then issued two rounds of green senior notes in September and November 2020, respectively. The bond issuances received overwhelming responses from the capital markets and attracted the participation from various ESG and green funds.

In terms of employer's brand building, Zhenro Properties has upgraded the core value of the employer's brand of "Being an Entrepreneur Striving for Happiness" (幸福奮鬥事業家), caring about the physical and mental health of employees and their career development. The Group has established a comprehensive talent training system and has created a broad career development platform for employees. The Group has established a unique happy corporate culture and provided market-competitive remuneration packages and diversified benefits to ensure employees' satisfaction in terms of material and spiritual dimensions. During the year, the Group received awards such as the "Best Employers in China" (中國最佳僱主) by Kincentric and the "Employer of Choice by University Graduates in China Real Estate Industry in 2020" (2020中國房地產大學生僱主首選品牌) by the China Real Estate Association.

In 2020, as affected by COVID-19 pandemic, the Group took effective measures to fight against the pandemic, and, always bearing in mind to put the health and safety of employees, residents and tenants first, swiftly took initiatives after the outbreak of the pandemic to allow staff members to work from home and postpone the official resumption of work, promoted smart mobile office to provide supports to staff members under the pandemic. The Group established a special fund of RMB12 million promptly through Zhenro Foundation for the prevention and control of the COVID-19 pandemic, contributing to the anti-epidemic fight and fulfilling the corporate social responsibility. At the 4th Meeting of the 12th Executive Committee of All-China Federation of Industry and Commerce held in December 2020, the Group was honored as an "Advanced Private Enterprise in the Fight against the COVID-19 Epidemic"(抗擊新冠疫情先進民營企業) by the All-China Federation of Industry and Commerce.

OUTLOOK

Looking ahead to 2021, the PRC government will continue to focus on the implementation of a long-effect mechanism in the property industry and promote a healthier and more stable development of the property industry in China with the policies of "houses are for living in, not for speculation" and "stabilizing land prices, property prices and expectations" as the core. The long-effect mechanism of the property industry has extended from the customer demand, market supply and price control to financing and land supply. The Company expects that there will be limited relaxation of various policies in the property industry in the foreseeable future, and the property industry will go through another round of deleveraging, and the gap among cities and property developers will diverge further. The essential housing demand will surge in cities and their metropolitan circles with strong economic fundamentals and fast-growing population. The property market remains strong in the long-term. The large-scale branded property developers with sound financial positions are expected to further expand their market shares relying on their own products, brands, capital, talents and operational advantages. As the property sector takes its development to the next level, the industry players will increasingly enhance their core competitiveness by giving full play to their own strengths. To capitalize on the rapid consolidation of the industry and the more fragmentated market, the Group will seize opportunities for investment and focus on improving both the operational quality and efficiency. All these will enable the Group to achieve a "high-quality growth".

2021 is the final year of Zhenro Properties' "New Three-Year Strategy". To achieve the goal of "high-quality growth", the Group will continue to enhance its management structure and talent echelon, and improve incentive schemes to strengthen employees' core competitiveness; the Group will continue to enhance its operational and management capabilities by improving the decision-making mechanism and standardization management to achieve management upgrade; the Group will stick to the principle of prudent investment, pay close attention to market changes, put investment at a reasonable and appropriate pace, and focus on first and second-tier cities and their metropolitan circles, so as to fully explore investment opportunities through diversified ways; the Group will focus on improving the capital efficiency and effectiveness driven by the "cash flow and profit" management, and further improve its credit ratings, reduce operating expenses and finance costs, and increase profitability. The Group has set the 2021 contracted sales target of RMB150 billion. Its sufficient and high-quality saleable resources will support the Group in achieving a high-quality and sustainable growth. Time and tide wait for no man. Although the operating environment in 2021 may be even more challenging, the Company will endeavor to achieve the success of the "New Three-Year Strategy".

APPRECIATION

Finally, on behalf of the Board, I would like to express our sincere appreciation to all shareholders, investors, business partners and customers for their support, and all employees for their dedication and hard work. We will continue to uphold our core value of "prosperity from integrity" and achieve sustainable and high-quality growth while bringing returns to shareholders and investors. We aim at developing the Company into a respectable enterprise with sustainable competitiveness.

Zhenro Properties Group Limited
HUANG Xianzhi
Chairman

Shanghai, China

26 March 2021

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

Contracted Sales

For the year ended 31 December 2020, the Group recorded contracted sales of RMB141,901.4 million, representing a 8.6% year-over-year increase from 2019, which was primarily due to the increase in salable GFA accumulated by the Group in first- and second-tier cities in the past several years by executing the Group's development strategies.

For the year ended 31 December 2020, total contracted GFA sold amounted to approximately 8.9 million sq.m., representing an increase of approximately 5.4% from approximately 8.4 million sq.m. for the year ended 31 December 2019. Contracted average selling price ("**ASP**") for the year ended 31 December 2020 was approximately RMB15,949 per sq.m., compared with RMB15,488 per sq.m. for the year ended 31 December 2019.

Contracted sales from Yangtze River Delta Region, Western Taiwan Straits Region, Bohai Rim Region, Central China Region, Western China Region and Pearl River Delta Region contributed to approximately 38.6%, 33.2%, 10.4%, 9.5%, 6.5% and 1.8%, respectively, of the Group's total contracted sales in 2020.

The following table sets out the geographic breakdown of the Group's contracted sales in 2020.

	Contracted GFA Sold	**Contracted Sales**	**Contracted ASP**	**% of Contracted Sales**
	sq.m.	*RMB' 000*	*RMB/sq.m.*	*%*
Yangtze River Delta Region	2,918,878	54,774,497	18,766	38.6%
Western Taiwan Straits Region	3,226,550	47,194,748	14,627	33.2%
Bohai Rim Region	946,870	14,769,861	15,599	10.4%
Central China Region	1,036,526	13,454,825	12,981	9.5%
Western China Region	636,737	9,202,418	14,452	6.5%
Pearl River Delta Region	131,888	2,505,089	18,994	1.8%
Total	8,897,450	141,901,438	15,949	100.0%

Revenue Recognized from Sales of Properties

Revenue recognized from sales of properties increased by approximately 10.6% from RMB32,184.6 million for the year ended 31 December 2019 to RMB35,601.4 million for the year ended 31 December 2020, accounting for 98.5% of the Group's total revenue. The Group's recognized ASP from sales of properties was approximately RMB12,295 per sq.m. in 2020, representing a 18.2% decrease from RMB15,035 per sq.m. in 2019, primarily due to the increase in the proportion of GFA with a relatively lower ASP among total delivered GFA in 2020.

The increase in revenue recognized from sales of properties was primarily due to more GFA completed and delivered as a result of the Group's continuing expansion.

During the year of 2020, the properties delivered by the Group included Nanjing Zhenro Riverside Violet Mansion (南京正榮濱江紫闕), Putian Riverside Zhenro Mansion (莆田濱江正榮府) and Hefei City 1907 (合肥都薈1907) and others. The following table sets forth the details of the revenue recognized from the sales of properties of the Group by geographical location for the periods indicated.

	Recognized Revenue from Sales of Properties		% of Recognized Revenue from Sale of Properties		Total GFA Delivered		Recognized ASP	
	RMB'000	*RMB'000*	***%***	*%*	***sq.m.***	*sq.m.*	***RMB/Sq.m.***	*RMB/Sq.m.*
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
Yangtze River Delta Region	**13,990,535**	13,002,205	**39.3**	40.4	**935,718**	734,282	**14,952**	17,707
Western Taiwan Straits Region	**17,152,971**	11,612,940	**48.2**	36.1	**1,561,596**	974,532	**10,984**	11,916
Bohai Rim Region	**32,670**	5,303,964	**0.1**	16.5	**1,908**	253,758	**17,119**	20,902
Central China Region	**3,394,473**	2,265,467	**9.5**	7.0	**317,363**	178,127	**10,696**	12,718
Western China Region	**1,030,722**	–	**2.9**	–	**78,911**	–	**13,062**	–
Total	**35,601,372**	32,184,576	**100.0**	100.0	**2,895,496**	2,140,699	**12,295**	15,035

Completed Properties Held for Sale

Properties held for sale represent completed properties remaining unsold at the end of each financial period and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties.

As at 31 December 2020, the Group had completed properties held for sale of RMB7,870.9 million, representing a 3.2% increase from RMB7,626.2 million as at 31 December 2019. The increase was primarily due to the increase in GFA completed. The Group has obtained the construction completion certificates in respect of all completed properties held for sale.

Properties Under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale.

As at 31 December 2020, the Group had properties under development of RMB117,686.7 million, representing an 36.2% increase from RMB86,379.4 million as at 31 December 2019. The increase was primarily due to an increase in the number of projects developed by the Group in 2020.

PROPERTY INVESTMENT

Rental Income

The Group's rental income for the year ended 31 December 2020 was approximately RMB118.9 million, representing a 11.5% decrease from 2019. The decrease was primarily due to the impact of the COVID-19 pandemic.

Investment Properties

As at 31 December 2020, the Group had 14 investment properties with a total GFA of approximately 826,228 sq.m. Out of such investment properties portfolio of the Group, 7 investment properties with a total GFA of approximately 496,928 sq.m. had commenced leasing.

LAND BANK

In 2020, the Group continued deep ploughing in the extended cities. It acquired a total of 46 new land parcels with a total site area of approximately 2.5 million sq.m., an aggregate estimated GFA of approximately 7.1 million sq.m., a total contractual land premium of approximately RMB47,220.9 million and an average cost of approximately RMB6,616 per sq.m.. The following table sets forth details of the Group's newly acquired land parcels during the year ended 31 December 2020.

PROPERTIES DEVELOPED BY THE GROUP'S SUBSIDIARIES

City	Land Parcel/ Project Name	Land Use	Site Area *sq.m*	Estimated Total GFA *sq.m.*	Land Premium *RMB million*	Average Land Cost (Based on the Estimated Total GFA) *RMB/sq.m.*	Attributable Interest
Yangtze River Delta Region							
Xuzhou	Xuzhou Yunlonghu Zhenro Mansion	Residential	43,972	97,793	601	6,147	75%
Nanjing	Nanjing Zhenro Mist Mansion	Residential/Retail	34,696	87,386	1,380	15,792	100%
Nanjing	Nanjing Zhenro Begonia Mansion	Residential	63,074	150,330	2,500	16,630	100%
Nanjing	Nanjing Zhenro Riverbank Mansion	Residential/Retail	40,522	103,293	2,460	23,816	50%
Shanghai	Shanghai Zhenro Yuelong Mansion	Residential	19,393	48,119	679	14,110	63%
Suzhou	Zhangjiagang Tangsong Cloud Garden	Residential/Retail	76,416	211,292	1,051	4,976	51%
Suzhou	Suzhou Riverside Four Seasons Garden	Residential	64,382	133,914	755	5,640	50%
Suzhou	Suzhou Zhenro Riverside Garden	Residential/Retail	49,502	108,581	709	6,528	34%
Suzhou	Suzhou No. 2020-WG-69 Parcel	Residential	31,176	62,835	587	9,341	100%
Wuxi	Wuxi Zhenro Top of Clouds Mansion	Residential/Retail	38,401	128,719	1,089	8,461	51%
Fuyang	Fuyang Yingzhou Zhenro Mansion	Residential/Retail	192,371	431,244	1,241	2,878	100%
Suqian	Suqian Zhongwu Zhenro Mansion	Residential/Retail	112,213	346,484	1,306	3,770	100%
Hefei	Hefei Duyun Academy Mansion	Residential/Retail	107,128	262,203	1,620	6,178	54%
Central China Region							
Zhengzhou	Zhengzhou Zhenro Joy East Garden	Residential/Retail	23,871	111,099	359	3,227	50%
Zhengzhou	Zhengzhou Zhenro Yushou Mansion	Residential	54,041	214,553	511	2,380	26%
Zhengzhou	Xinzheng Parcel No. 25	Residential/Retail	62,477	252,545	590	2,338	26%
Wuhan	Wuhan Zhenro Yuelong Mansion	Residential/Retail	33,331	131,986	443	3,359	100%
Wuhan	Wuhan Zhenro Propitious Peak	Residential/Retail	15,476	69,745	636	9,114	51%
Wuhan	Wuhan Zhenro Yuejing Mansion	Residential/Retail	27,390	89,170	606	6,791	100%
Changsha	Changsha Zhenro Zhongliang Starlight Garden	Residential/Retail	80,802	307,543	1,193	3,878	51%
Changsha	Changsha 103 Parcel	Residential/Retail	80,888	218,722	1,096	5,009	100%
Western China Region							
Chengdu	Chengdu Xindu District Guihu Parcel	Residential	20,179	71,793	262	3,654	100%
Chengdu	Chengdu Wuhou 44 Mu Parcel	Residential	29,403	95,376	906	9,495	100%

City	Land Parcel/ Project Name	Land Use	Site Area *sq.m*	Estimated Total GFA *sq.m.*	Land Premium *RMB million*	Average Land Cost (Based on the Estimated Total GFA) *RMB/sq.m.*	Attributable Interest
Bohai Rim Region							
Tianjin	Jinxiqing (GUA)2020-08 Parcel	Residential/Retail	86,501	148,359	1,128	7,603	100%
Western Taiwan Straits Region							
Nanchang	Nanchang Zhenro Vesture	Residential/Retail	58,730	157,615	1,214	7,705	99%
Nanchang	Nanchang Zhenro Yueyun Mansion	Residential/Retail	46,576	93,153	632	6,780	50%
Nanchang	Nanchang Zhaoshang Jinmao Zhenro Land of Cloud	Residential/Retail	101,483	244,761	1,399	5,716	34%
Fuzhou	Fuzhou Rongju Lanjing Community	Residential	11,116	32,563	457	14,034	70%
Fuzhou	Fuzhou Minhou 2020-18 Parcel	Residential/Retail	25,482	81,657	672	8,230	100%
Putian	Putian Yuhu Zhenro Mansion	Residential	18,981	71,111	480	6,750	100%
Putian	Putian Yuxi Zhenro Mansion	Residential	16,116	39,813	266	6,681	100%
Putian	Putian Jiuxi Zhenro Mansion Phase 3	Residential/Retail	57,959	182,835	1,226	6,706	100%
Putian	Putian Zhenro Baitang Habitat Xiyue	Residential/Retail	46,988	144,251	401	2,780	100%
Yichun	Yichun Yuelinglong South 73 Mu Parcel	Residential/Retail	49,205	132,111	379	2,869	100%
Yichun	Yichun Xinfanghe 58 Mu Parcel	Residential/Retail	38,920	106,308	207	1,947	100%
Quanzhou	Quanzhou Jinjiang Zhenro Mansion	Residential/Retail	104,664	339,917	834	2,454	100%
Xiamen	Xiamen Xiang'an Zhenro Mansion	Residential/Retail	27,596	114,173	1,170	10,248	100%
Pearl River Delta Region							
Foshan	Foshan Zhenro Jihua Lan Mansion	Residential/Retail	51,189	182,471	1,250	6,849	100%
Subtotal			**2,042,611**	**5,805,824**	**34,294**	**5,907**	

PROPERTIES DEVELOPED BY THE GROUP'S JOINT VENTURES AND ASSOCIATES

City	Land Parcel/ Project Name	Land Use	Site Area	Estimated Total GFA	Land Premium	Average Land Cost (Based on the Estimated Total GFA)	Attributable Interest
			sq.m	*sq.m.*	*RMB million*	*RMB/sq.m.*	
Yangtze River Delta Region							
Nanjing	Nanjing Riverside Mansion	Residential/Retail	72,455	191,333	2,975	15,549	50%
Nanjing	Nanjing Hongyang Riverside Joy Mansion	Residential	65,227	156,292	2,580	16,508	49%
Suzhou	Suzhou Clouds of Riverside	Residential	35,602	135,034	1,824	13,504	24%
Chuzhou	Chuzhou Zhenro Splendid Mansion	Residential/Retail	92,170	210,130	1,124	5,349	40%
Hefei	Hefei Joy River New Chapter	Residential/Retail	67,834	181,301	906	4,995	27%
Western Taiwan Straits Region							
Fuzhou	Fuzhou Hubin Mansion	Residential/Retail	42,420	128,429	908	7,070	32%
Fuzhou	Fuzhou Zhenro Shimao Vesture Mountain South	Residential/Retail	50,789	160,697	1,810	11,263	40%
Nanchang	Nanchang Dongtou Zhenro Mansion	Residential/Retail	50,811	168,428	801	4,756	40%
Subtotal			**477,308**	**1,331,643**	**12,927**	**9,708**	
Total			**2,519,919**	**7,137,467**	**47,221**	**6,616**	

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately 11.0% from RMB32,557.7 million for the year ended 31 December 2019 to RMB36,126.1 million for the year ended 31 December 2020. Out of the Group's total recognized revenue in 2020, (i) sales of properties increased by approximately 10.6% to RMB35,601.4 million from 2019, (ii) property leasing decreased by approximately 11.5% to RMB118.9 million from 2019, (iii) management service increased by approximately 56.5% to RMB240.0 million from 2019, (iv) provision of commercial property management services increased by approximately 3.1% to RMB88.1 million from 2019, and (v) sales of goods was up to RMB77.7 million. The table below sets forth the Group's revenue for each of the components described above and the percentage of total revenue represented for the periods indicated.

	2020		2019		
	Revenue	**% of Total Revenue**	Revenue	% of Total Revenue	Year- over-Year Change
	RMB'000	***%***	*RMB'000*	*%*	*%*
Sales of properties	**35,601,372**	**98.6**	32,184,576	98.9	10.6
Rental income	**118,916**	**0.3**	134,298	0.4	-11.5
Management service income[(1)]	**239,980**	**0.7**	153,294	0.5	56.5
Property management income	**88,118**	**0.2**	85,492	0.3	3.1
Sales of goods	**77,703**	**0.2**	–	–	–
Total	**36,126,089**	**100.0**	32,557,660	100.0	11.0

Note:

(1) Primarily includes revenue generated from provision of design consultation services to joint ventures and associates and third parties.

Cost of Sales

The Group's cost of sales primarily represents the costs directly incurred for the property development activities as well as its commercial property management and leasing operations. The principal components of cost of sales for property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The Group's cost of sales increased by approximately 12.1% from RMB26,059.8 million for the year ended 31 December 2019 to RMB29,222.2 million for the year ended 31 December 2020, primarily attributable to the increase in the number of properties completed and delivered by the Group during the year ended 31 December 2020.

Gross Profit and Gross Profit Margin

As a result of the foregoing, the Group's gross profit increased by approximately 6.2% from RMB6,497.9 million for the year ended 31 December 2019 to RMB6,903.9 million for the year ended 31 December 2020.

Gross profit margin was 19.1% for the year ended 31 December 2020, decreased from 20.0% for the year ended 31 December 2019, primarily due to the increase in the proportion of GFA with a relatively lower ASP among total delivered GFA in 2020.

Other Income and Gains

The Group's other income and gains primarily consist of interest income, commercial compensation and others. Interest income primarily consists of interest income on bank deposits. Commercial compensation primarily represents forfeited deposits received from certain potential customers who did not subsequently entered into sales contracts with the Group and penalties received from certain customers due to their breach of sales or pre-sales contracts.

Other income and gains increased by approximately 106.3% from RMB471.1 million for the year ended 31 December 2019 to RMB971.8 million for the year ended 31 December 2020, primarily due to an increase in interest income on bank deposits mainly as a result of the increase in the total amount of bank deposits in 2020.

Selling and Distribution Expenses

Selling and distribution expenses primarily consist of advertising, marketing and business development expenses, sales and marketing staff cost, office expenses, fees paid to our third-party sales agents, rental and other expenses relating to sales of our properties and property leasing services.

The Group's selling and distribution expenses increased by approximately 19.3% from RMB972.3 million for the year ended 31 December 2019 to RMB1,159.7 million for the year ended 31 December 2020, primarily due to (i) the strengthened selling and marketing efforts to promote newly-launched property projects in new cities and regions in which the Group operates as part of its business expansion; and (ii) the expansion of the Group's in-house sales and marketing team to support its business expansion in 2020.

Administrative Expenses

Administrative expenses primarily consist of management and administrative staff costs, entertainment expenses, office and meeting expenses, stamped duties and other taxes, rental costs, depreciation of property, plant and equipment, professional fees, travelling expenses, bank charges, listing expenses and other general office expenses and miscellaneous expenses.

The Group's administrative expenses decreased by approximately 6.3% from RMB1,214.5 million for the year ended 31 December 2019 to RMB1,138.3 million for the year ended 31 December 2020, primarily due to the cost reduction and efficiency improvement measures implemented by the Group and the decrease in travelling expenses and other miscellaneous expenses affected by the pandemic.

Other Expenses

Other expenses increased by 63.2% from RMB98.9 million for the year ended 31 December 2019 to RMB161.5 million for the year ended 31 December 2020, primarily due to impairment losses recognised for properties under development.

Fair Value Gains on Investment Properties

The Group develops and holds certain commercial properties on a long-term basis for rental income or capital appreciation. Fair value gains on investment properties decreased by approximately 0.8% from RMB326.5 million for the year ended 31 December 2019 to RMB324.0 million for the year ended 31 December 2020.

Finance Costs

Finance costs primarily consist of interest expenses for bank and other borrowings net of capitalized interest relating to properties under development.

The Group's finance costs increased by approximately 4.3% from RMB484.1 million for the year ended 31 December 2019 to RMB504.8 million for the year ended 31 December 2020, primarily due to an increase in the scale of total interest-bearing borrowings in 2020.

Share of Profits of Joint Ventures and Associates

The Group's share of profits of joint ventures was RMB33.9 million for the year ended 31 December 2020, compared with the share of profits of RMB357.5 million for the year ended 31 December 2019, primarily due to the decrease in the number of properties delivered for joint ventures.

The Group's share of profits of associates was RMB545.3 million for the year ended 31 December 2020, compared with the share of profits of RMB163.4 million for the year ended 31 December 2019, primarily due to the increase in the number of properties delivered for associates.

Income Tax Expenses

Income tax expenses represent corporate income tax and land appreciation tax ("**LAT**") payable by the Group's subsidiaries in the PRC.

The Group's income tax expenses increased by approximately 17.0% from RMB1,937.6 million for the year ended 31 December 2019 to RMB2,268.0 million for the year ended 31 December 2020, primarily due to an increase in the Group's profit before tax. The effective corporate income tax rate was 26.1% for the year ended 31 December 2020, compared with 25.6% for the year ended 31 December 2019.

Profit for the Year

As a result of the foregoing, the Group's profit for the year increased by approximately 15.0% from RMB3,094.0 million for the year ended 31 December 2019 to RMB3,558.9 million for the year ended 31 December 2020.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

The industry in which the Group engages is a capital-intensive industry. The Group met and expects to continue meeting its operating capital, capital expenditure and other capital needs with proceeds from the IPO, proceeds from pre-sale and sale of properties, loans from commercial banks, proceeds from corporate debts or other securities offerings, and capital injections from shareholders. The Group's need for short-term liquid capital is mainly associated with loan repayments and capital needs for operation, and the Group's short-term liquid capital comes from cash balance, proceeds from pre-sale and sale of properties and new bank loans. The Group's need for long-term liquid capital is associated with capital allocated for new property development projects and repayment of long-term loan.

Cash Positions

As at 31 December 2020, the Group had cash and cash equivalents of approximately RMB35,477.9 million (31 December 2019: RMB28,368.6 million), pledged deposits of approximately RMB609.6 million (31 December 2019: RMB1,801.2 million) and restricted cash of approximately RMB6,885.0 million (31 December 2019: RMB5,137.0 million).

Indebtedness

As at 31 December 2020, the Group has total outstanding bank and other borrowings of RMB41,761.3 million, compared with RMB36,317.1 million as at 31 December 2019. As at 31 December 2020, the Group also had onshore corporate bond and senior notes with carrying amounts of approximately RMB25,523.1 million, compared with RMB22,348.3 million as at 31 December 2019. The Group's borrowings are denominated in Renminbi, Hong Kong dollars and US dollars.

The following table sets forth the Group's total borrowings as at the dates indicated.

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current borrowings:		
Bank borrowings – secured	**219,615**	312,740
Bank borrowings – unsecured	**131,474**	69,871
Other borrowings – secured	**–**	490,000
Other borrowings – unsecured	**–**	1,718,688
Plus: current portion of non-current borrowings		
Bank borrowings – secured	**9,785,574**	5,420,954
Bank borrowings – unsecured	**570,990**	454,782
Other borrowings – secured	**1,078,200**	4,123,401
Other borrowings – unsecured	**1,105,719**	1,943,700
Senior notes and Corporate bonds	**6,656,983**	5,506,307
Total current borrowings	**19,548,555**	20,040,443
Non-current borrowings:		
Bank borrowings – secured	**23,862,894**	16,551,576
Bank borrowings – unsecured	**3,203,029**	1,541,086
Other borrowings – secured	**1,207,800**	3,211,344
Other borrowings – unsecured	**596,000**	478,980
Senior notes and Corporate bonds	**18,866,091**	16,842,040
Total non-current borrowings	**47,735,814**	38,625,026
Total	**67,284,369**	58,665,469

The following table sets forth the maturity profiles of the Group's total borrowings as at the dates indicated.

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Repayable within one year	**19,548,555**	20,040,443
Repayable in the second year	**22,230,132**	19,554,347
Repayable within third to fifth years	**24,453,188**	18,207,193
Repayable more than five years	**1,052,494**	863,486
Total	**67,284,369**	58,665,469

Additionally, as at 31 December 2020, the Group issued varieties of corporate bond and unsecured senior notes. Please refer to "BONDS, SENIOR NOTES OFFERINGS, OFFER TO PURCHASE, REPURCHASE AND REDEMPTION" below for more details.

Borrowing Costs

The Group's weighted average financing cost of debt were 6.5% for the year ended 31 December 2020, compared with 7.5% for the year ended 31 December 2019. The decrease was primarily due to the Group's effective measures to optimize its debt structure, as well as its stronger bargaining power to access to capital at competitive costs as a result of its growing operation scale.

Charge on Assets

As at 31 December 2020, the Group's asset portfolio which includes investment properties with carrying value of RMB9,092.9 million (31 December 2019: RMB4,315.4 million), properties under development with carrying value of RMB63,105.0 million (31 December 2019: RMB56,639.2 million), completed properties held for sale with carrying value of RMB1,293.5 million (31 December 2019: RMB998.8 million), property, plant and equipment with carrying value of zero (31 December 2019: RMB251.0 million), other right-of-use assets with carrying value of zero (31 December 2019: RMB261.0 million) and financial assets at fair value through profit or loss with carrying value of RMB493.1 million (31 December 2019: RMB670.2 million) were pledged as security for the Group's secured borrowings.

OFF-BALANCE SHEET EQUITY DATA

For the year ended 31 December 2020, revenue attributable to the Group in proportion to the equity in joint ventures and associates was approximately RMB8.04 billion. As at 31 December 2020, cash and bank balances attributable to the Group in proportion to the equity in joint ventures and associates was approximately RMB2.74 billion.

FINANCIAL RISKS

The Group is not subject to significant credit risk and liquidity risk.

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pays to shareholders outside of the PRC. The Group had cash at banks denominated in foreign currencies, which exposed the Group to foreign exchange risk. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

KEY FINANCIAL RATIOS

The Group's current ratio was 1.5 as at 31 December 2020, compared with 1.6 as at 31 December 2019.

The Group's net gearing ratio was 64.7% as at 31 December 2020, compared with 75.2% as at 31 December 2019.

CONTINGENT LIABILITIES

Mortgage Guarantees

The Group provides mortgage guarantees to banks in respect of the mortgage loans they provided to the Group's customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificates to the customers, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on the mortgage loan, the Group is typically required to repurchase the underlying property by paying off the mortgage loan. If it fails to do so, the mortgagee banks will auction the underlying property and recover the balance from the Group if the outstanding loan amount exceeds the net foreclosure sale proceeds.

As at 31 December 2020, the material contingent liabilities incurred for the Group's provision of guarantees to financial institutions in respect of the mortgage loans they provided to the Group's customers were approximately RMB32,161.3 million, compared with RMB36,516.9 million as at 31 December 2019.

The Directors confirm that the Group has not encountered defaults by purchasers in which it provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

Other Financial Guarantees

As at 31 December 2020, the guarantees given to banks and other institutions in connection with borrowings made to the joint ventures and associates were approximately RMB2,604.5 million, compared with guarantees given to banks and other institutions in connection with borrowings made to the joint ventures and associates and a third party of RMB4,774.1 million as at 31 December 2019.

Legal Contingents

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

Commitments

As at 31 December 2020, the Group's capital commitment it had contracted but yet provided for was RMB28,716.1 million, compared with RMB23,900.3 million as at 31 December 2019.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as at 31 December 2020, the Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

BONDS, SENIOR NOTES OFFERINGS, OFFER TO PURCHASE, REPURCHASE AND REDEMPTION

The Group continuously looks for financing opportunities to support its business development. These opportunities include raising funds through asset-backed securities programs, senior notes and corporate bonds offering plans.

In January 2020, the Company issued senior notes due April 2024 with an aggregate principal amount of US$290.0 million bearing interest at a rate of 7.875% per annum.

In February 2020, the Company issued senior notes due February 2021 with an aggregate principal amount of US$200.0 million bearing interest at a rate of 5.60% per annum.

In May 2020, the Company issued senior notes due March 2024 with an aggregate principal amount of US$200.0 million bearing interest at a rate of 8.35% per annum.

In May 2020, the Company made an offer to purchase for cash its outstanding 10.5% senior notes due June 2020 with an aggregate principal amount of US$400.0 million (the "**2020 Notes**") up to the maximum acceptance amount at a purchase price of US$1,003.5 per US$1,000 principal amount of the 2020 Notes (the "**Offer**"). The Offer was completed on 27 May 2020. A total of the 2020 Notes in the principal amount of US$168,612,000 repurchased pursuant to the Offer have been cancelled. In June 2020, the Company has fully repaid the outstanding 2020 Notes in the aggregate principal amount of US$231,388,000.

In June 2020, the Company issued senior notes due September 2023 with an aggregate principal amount of US$200.0 million bearing interest at a rate of 8.30% per annum.

In June 2020, the Group completed the repurchase of the domestic corporate bonds due November 2021 with an aggregate principal amount of RMB950.0 million bearing interest at a rate of 7.5% per annum.

In July 2020, the Group issued domestic corporate bonds due July 2025 with an aggregate principal amount of RMB1,000.0 million bearing interest at a rate of 5.75% per annum.

In August 2020, the Company issued senior notes due August 2021 with an aggregate principal amount of RMB1,000.0 million bearing interest at a rate of 7.40% per annum.

In September 2020, the Company issued green senior notes due February 2025 with an aggregate principal amount of US$350.0 million bearing interest at a rate of 7.35% per annum.

In September 2020, the Group issued domestic corporate bonds due September 2024 with an aggregate principal amount of RMB1,000.0 million bearing interest at a rate of 5.45% per annum.

In September 2020, the Group completed the repurchase of the domestic corporate bonds due September 2021 with an aggregate principal amount of RMB2,000 million bearing interest at a rate of 7.5% per annum.

In September 2020, the Company redeemed senior notes due November 2020 with an aggregate principal amount of RMB700.0 million bearing interest at a rate of 8.00% per annum.

In November 2020, the Company issued green senior notes due November 2021 with an aggregate principal amount of US$200.0 million bearing interest at a rate of 5.95% per annum.

In December 2020, the Company redeemed senior notes due January 2021 with an aggregate principal amount of US$350.0 million bearing interest at a rate of 12.50% per annum.

The Group intends to use the proceeds from these bonds and senior notes offerings to repay external borrowings and may also consider other financing plans in the near future.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

There was no material acquisition and disposal of subsidiaries, joint ventures and associates by the Company during the year ended 31 December 2020.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the year ended 31 December 2020, there was no significant investment held by the Group.

FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group currently has no plan to make any significant investment or acquisition of capital assets but will continue to seek potential investment or acquisition opportunities according to the Group's development needs.

EMPLOYEES

As at 31 December 2020, the Group had a total of 1,902 employees. The Group offers employees competitive remuneration packages that include basic salaries, discretionary bonuses, performance-based payments and year-end bonuses. It contributes to social insurance for its employees, including medical insurance, work-related injury insurance, retirement insurance, maternity insurance, unemployment insurance and housing funds.

SUBSEQUENT EVENTS

Save for the following matters, no material events were undertaken by the Group subsequent to 31 December 2020 and up to the date of this announcement.

In January 2021, the Company issued green senior notes due January 2026 with an aggregate principal amount of US$400.0 million bearing interest at a rate of 6.63% per annum.

In January 2021, the Company issued green senior notes due August 2026 with an aggregate principal amount of US$300.0 million bearing interest at a rate of 6.70% per annum.

In March 2021, the Company redeemed senior notes due March 2022 with an aggregate principal amount of US$310.0 million bearing interest at a rate of 9.15% per annum.

IMPACT OF COVID-19 PANDEMIC

Since January 2020, COVID-19 pandemic has spread rapidly across the PRC and other parts of the world, posing severe challenges to the global economy. The real estate sector of the PRC was also affected by the external environment as property developers' sales offices and construction of projects in various places were suspended temporarily, particularly during the first quarter of 2020.

The Group has fully assessed the impact of the outbreak on its business and believes that the outbreak has a short-term impact on all trades and industries in the first quarter of 2020. However, with the effective control measures taken by the Chinese government, the outbreak has been gradually controlled. Many local governments have then adopted policies for phased relaxation of controls for the real estate industry to ensure the steady development of the real estate market. To cope with the situation, the Group also carried out actions to minimize the impact of the COVID-19 pandemic on its business, including measures to ensure smooth resumption of construction projects, punctual supply of units and minimization of the risks associated with units delivery. In addition, the Group dynamically adjusted its business and marketing strategies to drive continued recovery in sales since March 2020.

The Group will closely monitor the development of the COVID-19 pandemic and continue to assess the impact of the outbreak on the Group's finances and operations.

DISCLOSURE PURSUANT TO RULE 13.18 AND 13.21 OF THE LISTING RULES

References are made to the announcements of the Company dated 5 July 2019, 7 August 2020, 13 August 2020 and 29 September 2020.

In July 2019, pursuant to a facility agreement (the "**2019 Facility Agreement**") entered into between, among others, the Company as the borrower, certain wholly-owned subsidiaries of the Company as the original guarantors, Hang Seng Bank Limited, China Minsheng Banking Corp., Ltd., Hong Kong Branch, The Bank of East Asia, Limited, Goldman Sachs (Asia) L.L.C. and BNP Paribas, acting through its Hong Kong Branch, collectively as the original lenders, for dual-currency term loan facilities in the amount of HK$234,000,000 and US$90,000,000 (totaling approximately US$120,000,000) (the "**2019 Loan Facilities**", each a "**2019 Loan Facility**") will be made available to the Company for a term of 36 months from the date of the 2019 Facility Agreement.

As provided in the 2019 Facility Agreement, if Mr. Ou Zongrong, Mr. OU Guoqiang and Mr. OU Guowei collectively (a) do not or cease to, directly or indirectly, own at least 51% of the beneficial shareholding in the Company, carrying at least 51% of the voting right in the Company, of which at least 45% beneficial shareholding must, at any time on or after the first date of utilisation of the 2019 Loan Facility, be free from any security; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company, the commitments under the 2019 Loan Facilities may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the 2019 Loan Facilities may become immediately due and payable.

In August 2020, a facility agreement (the "**2020 Facility Agreement**") was entered into between, among others, the Company as the borrower, certain wholly-owned subsidiaries of the Company as the original guarantors, Bank of China (Hong Kong) Limited, CMB Wing Lung Bank Limited, Hang Seng Bank Limited and certain other financial institutions, collectively as lenders, for dual currency term loan facilities in the amount of HK$273,000,000 and US$106,000,000 (totaling approximately US$141,000,000) for a term of 36 months from the date of the first utilisation of the loan facility. In September 2020, Chong Hing Bank Limited (as the lender) acceded to the 2020 Facility Agreement in accordance to the terms of the 2020 Facility Agreement (the "**Accession**"). Following the execution of the Accession, the total amount of loan facilities made available to the Company under the 2020 Facility Agreement equals to approximately US$161,000,000.

As provided in the 2020 Facility Agreement, if (i) Mr. OU Zongrong, Mr. OU Guoqiang and Mr. OU Guowei (collectively, the "**Relevant Persons**") collectively (a) do not or cease to, directly or indirectly, own at least 51% of the beneficial shareholding in the Company, carrying at least 51% of the voting right in the Company, of which at least 45% of the beneficial shareholding must, at all times from the date of the 2020 Facility Agreement for so long as any liability is outstanding or any commitment is in force, be free from any security; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company; and/or (ii) the chairman of the Company is not any of Mr. HUANG Xianzhi, Mr. LIU Weiliang or Mr. CHAN Wai Kin (each being an existing executive Director, collectively, the "**Existing EDs**") or any of the Relevant Persons, the commitments under the loan facilities may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the loan facilities may become immediately due and payable.

In August 2020, a supplemental facility letter (the "**2020 Supplemental Facility Letter**") was entered into between the Company as the borrower and The Hong Kong and Shanghai Banking Corporation Limited as the lender, for a term loan facility in the amount of HK$156,000,000, for a term of 15 months from the drawdown date of such loan facility.

As provided in the 2020 Supplemental Facility Letter, if (i) the Relevant Persons collectively (a) are not or cease to maintain at least 51% of the beneficial shareholding in the issued share capital (among which at least 45% of the beneficial shareholding shall be unencumbered) and voting rights of the Company; (b) are not or cease to be the single largest shareholder of the Company; and/or (c) do not or cease to have management control over the Company; and/or (ii) the chairman of the Company is not any of the Existing EDs or any of the Relevant Persons, the commitments under the loan facility may be cancelled and all amounts outstanding together with accrued interest and all other amounts accrued under the loan facility may become immediately due and payable.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING ("IPO")

The Group completed its IPO and was successfully listed on the Main Board of the Stock Exchange on 16 January 2018. Net proceeds from the IPO (including the exercise of the over-allotment options, after deducting the underwriting commission and other estimated expenses in connection with the IPO) which the Company received, amounted to approximately HK$4,392.3 million.

As at 31 December 2020, in a manner consistent with the proposed allocations in the prospectus, the Group has fully utilized the proceeds from IPO, of which approximately RMB902.1 million was used to repay borrowings falling due, approximately RMB377.5 million was allocated to project companies as general working capital and approximately RMB3,112.7 million was used for construction and development of property projects.

OTHER INFORMATION

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company and its subsidiaries did not purchase, sell or redeem any of the listed securities of the Company during the year ended 31 December 2020.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.15 per share (equivalent to RMB0.13 per share), amounting to approximately a total of HK$655.2 million (or approximately RMB551.3 million) for the year ended 31 December 2020 (the "**2020 Proposed Final Dividend**"). The 2020 Proposed Final Dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (the "**AGM**") to be held on 18 June 2021. The 2020 Proposed Final Dividend will be declared and paid in Hong Kong dollars.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM of the Company will be held on Friday, 18 June 2021. A notice convening the AGM will be published on the Company's website and the Stock Exchange's website and dispatched to the Shareholders in accordance with the requirements of the Listing Rules in due course. For the purpose of determination of eligibility to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to be entitled to attend and vote at the forthcoming AGM to be held on Friday, 18 June 2021, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Friday, 11 June 2021.

Subject to the approval of the 2020 Proposed Final Dividend at the forthcoming AGM, the register of members of the Company will also be closed from Thursday, 24 June 2021 to Monday, 28 June 2021 (both days inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for the 2020 Proposed Final Dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. (Hong Kong time) on Wednesday, 23 June 2021. The 2020 Proposed Final Dividend, if approved by the Company's shareholders at the forthcoming AGM, will be paid on or about Friday, 23 July 2021 to those shareholders whose name appear on the register of members of the Company on Monday, 28 June 2021.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance by focusing on principles of integrity, accountability, transparency, independence, responsibility and fairness. The Company has developed and implemented sound governance policies and measures with the Board being responsible for performing such corporate governance duties. The Board will continue to review and monitor the corporate governance of the Company with reference to the Corporate Governance Code (the "**Code**") set out in Appendix 14 to the Listing Rules so as to maintain a high standard of corporate governance of the Company.

On 20 November 2019, Mr. WANG Benlong resigned and ceased to act as the executive director, chief executive officer and the authorized representative of the Company. The Board expects that more time will be required to identify and appoint a suitable candidate as the chief executive officer of the Company. During the transitional period, Mr. HUANG Xianzhi, an executive director of the Company and the chairman of the Board, has been appointed as the chief executive officer on 20 November 2019, to temporarily take up the duties of Mr. WANG Benlong until a suitable candidate is appointed. Code provision A.2.1 of the Code states that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Notwithstanding the deviation from code provision A.2.1, the Board believes that Mr. HUANG Xianzhi's extensive experience and knowledge, together with the support of the management, shall strengthen the solid and consistent leadership of the Group and would allow efficient business planning and decision, which the Board believes is in the best interest of the business development of the Group during this transitional period. The Company will seek to comply with Code Provision A.2.1 by identifying and appointing a suitable and qualified candidate to fill the casual vacancy as soon as practicable. Further announcement(s) will be made as and when appropriate in accordance with applicable requirements under the Listing Rules.

So far as the Directors are aware, other than the abovementioned matter, the Company has complied with the Code during the year ended 31 December 2020.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code throughout the year ended 31 December 2020.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The Audit Committee consists of three members, namely Dr. LOKE Yu (alias LOKE Hoi Lam) and Mr. WANG Chuanxu, being independent non-executive Directors, and Mr. OU Guowei, the non-executive Director. Dr. LOKE Yu (alias LOKE Hoi Lam) has been appointed as the chairman of the Audit Committee, and is the independent non-executive Director processing the appropriate professional qualifications. The primary duties of the Audit Committee include: (i) making recommendations regarding the appointment and removal of external auditors of the Company; (ii) reviewing the accounting policies and financial positions of the Company; (iii) reviewing and supervising the internal audit functions and internal control structure of the Company; and (iv) reviewing and overseeing the risk management of the Company.

The Audit Committee has reviewed and discussed the annual results of the Company for the year ended 31 December 2020. The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Group's auditor, Ernst & Young, Certified Public Accountants of Hong Kong ("**the Group's Auditor**"), to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Group's Auditor 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 the Group's Auditor on this announcement.

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

The annual results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and that of the Company (www.zhenrodc.com). The annual report will be despatched to the shareholders of the Company and will be available on the website of the Stock Exchange and that of the Company in due course.

By order of the Board
Zhenro Properties Group Limited
HUANG Xianzhi
Chairman of the Board

Shanghai, PRC, 26 March 2021

As at the date of this announcement, the executive Directors are Mr. Huang Xianzhi, Mr. Liu Weiliang and Mr. Chan Wai Kin, the non-executive Director is Mr. Ou Guowei, and the independent non-executive Directors are Dr. Loke Yu (alias Loke Hoi Lam), Mr. Wang Chuanxu and Mr. Lin Hua.